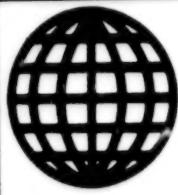


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BULGARIA

Construction Troops' Organ on Gorbachev's Leadership

22000114 Sofia *TRUDOVO DELO* in Bulgarian
28 Jul 89 p 3

[Article by Igor Sedikh, APN political observer: "Will Gorbachev Remain in Power?"]

[Text] I believe that the only answer to this question can be "yes." However, I shall also try to provide an objective analysis of the situation and the possible ways of its development.

Today Mikhail Gorbachev is the unquestionable leader of restructuring in the Soviet Union. Indeed, at the recently held Congress of People's Deputies, 95.6 percent of the deputies voted in favor of his nomination as head of state. Mikhail Gorbachev's authority among the people is equally high. Frequently, in the heat of tempestuous and, occasionally even "nonparliamentary" debates, a split has been prevented only thanks to his prompt and experienced intervention. The majority was urged to listen to the sensible reasons of the minority thus resulting in mutually acceptable compromises.

Some political observers abroad and, occasionally, even in the USSR, have expressed the view that Mikhail Gorbachev allegedly had opponents in the Politburo and the CPSU Central Committee. Most frequently Yegor Ligachev is being pitted against him. It is true that the Politburo members themselves do not conceal the fact that there are differences of opinion among them on some problems and that they may have different viewpoints concerning tactics. However, as they emphasize (as has been clearly confirmed by the entire course of events), they are united on the most important strategic problem, i.e., the fact that today the party has no alternative to the course of perestroyka, democracy, and glasnost.

That is why I believe that those who are thinking of various differences within the CPSU leadership are wrong. Conversely, the fact that there is unity in principle within the Central Committee and the Politburo in terms of views on problems of restructuring is a guarantee of the systematic pursuit of this course. However, even on the highest level the principle of pluralism of opinion is becoming stabilized and the habit is developing of seeking collectively decisions through reciprocal critical analysis of views. It seems to me, however, that in this argument among equals as well, Mikhail Gorbachev's authority remains quite high.

What is the secret for the authority of today's general secretary? In my view, he was able to restore on the upper power echelon the type of political standards the essence of which is the ability to listen to one's opponent, and take his criticism into consideration along with his sensible arguments. Furthermore, in the course of his travels around the country, Mikhail Gorbachev tries to

hear out the views of the ordinary people and to engage in a direct dialogue with them, which cannot fail to impress the people. Actually, he restored the Leninist style of management, for Lenin relied above all on the power of persuasion rather than on imposing his own views.

Mikhail Gorbachev has been given a difficult problem, for the country is undergoing a serious crisis. Restructuring, which he initiated, encompasses a number of problems, including, and by no means least, that of restructuring within the party. The elections and the first Congress of People's Deputies indicated that the majority of the people are rejecting the previous apparatus-style management methods. At the same time, however, we saw that neither did the majority support the most radical supporters of reform. The people are thirsting for change but, at the same time, they fear it, weary of a repetition of unpredictable consequences.

Given this situation, the authority of the general secretary could and actually does serve as an encouraging, a stimulating factor in favor of change. Furthermore, it is precisely around Mikhail Gorbachev that we find a rallying of forces in favor of perestroyka. Naturally, it is easy to criticize the rather slow pace at which reforms are being implemented in the USSR. However, a close analysis of the development of events would indicate that before taking a new step forward, each time Mikhail Gorbachev has patiently prepared society for it, winning over the majority in support of the reforms.

I believe that today there is no leader in the country who could challenge Mikhail Gorbachev. Public opinion surveys indicate that the closest to him is Nikolay Ryzhkov, the head of the government, who has earned particular respect with his personal participation in eliminating the consequences of the Armenian earthquake. However, he too is much less popular than the general secretary.

Of late Boris Yeltsin has drawn universal attention. Despite this, however, it is apparently no accident that his candidacy did not receive the support of the majority of people's deputies in the election for the Supreme Soviet. He was eventually elected member of the Supreme Soviet thanks to the fact that it was Mikhail Gorbachev who spoke out in his favor. Yeltsin himself, in his statement at the Congress of People's Deputies, acknowledged the strength of the authority of the general secretary and his leading role.

Such are the main reasons which guide me in answering this question. It is the same argument, however, that leads to yet another important conclusion. However attractive the personality of the leader may be, it seems to me in this case that we should speak above all about the tremendous popularity of the policy he has proposed. Actually, the rallying around Gorbachev and even the reliability of his political future are determined by the fact that the course of restructuring, democratization, and glasnost had no alternative and that its successful

implementation will determine the future of both those forces and of the Soviet Union as a great power.

CZECHOSLOVAKIA

Lack of Political Liberalization Hinders Economy

29000030 Paris *LE MONDE* in French 15 Aug 89 p 9

[Article by Francoise Lazare: "Fear of Choosing"]

[Text] Prague is "in." In 1989, the famous Czechoslovak playwright, Vaclav Havel, was nominated for the Nobel Peace Prize. Journalists retraced the steps of Franz Kafka in his native city.

Perestroika in the USSR and the dramatic changes occurring in Eastern Europe have turned a spotlight on Czechoslovakia, a country that was—we tend to forget—one of the leading economic powers in the world until the rupture [with the West] in 1948 and whose capital city lies barely more than 1,000 kilometers from Paris.

Officially, Prague in 1989 is fully participating in the reforms under way in the East. The beginnings of a dialogue have taken place between the government and certain dissident groups; relations between the government and the church are in the nascent stages of normalization.

On the economic level, the talk is of freer foreign trade, dismantled price controls, more flexible planning, and free elections of top company officials. Next year, a new Constitution is to be adopted. The purpose is to establish what the party's general secretary, Milos Jakes, has termed "a legal basis for restructuring in Czechoslovakia."

Such advances, however, should not be taken to mean that Czechoslovakia intends to plunge down the road opened by Poland or Hungary. As one observer remarked, "Czechoslovakia's position is to hold back; above all, not do what Poland has done, not do what Hungary has done."

Since the end of the year, incidents involving these two neighboring countries have been on the rise: violent clashes between Czechoslovaks (undoubtedly supported by the government) and Polish citizens along the border; virulent reactions by the Czechoslovak authorities to Hungary's decision not to build the Nagymaros dam on the Danube (which would have benefitted both countries) and to the Hungarian television interview with the former Czechoslovak Communist Party leader, Alexander Dubcek.... These are all symptoms of the growing gap between Czechoslovakia and countries that, for now at least, have firmly committed themselves to the path of reform.

Critical of the weaker form of socialism and deterioration in the standard of living resulting from the reforms enacted by Poland and Hungary, Czechoslovakia knows it has little maneuvering room given the impossibility of

breaking away from the Soviet Union on which it depends for its raw materials and primary sales outlets. No less than 40 percent of its sales abroad are to the USSR!

The solution is to maintain as good a relationship as possible with Moscow and to wait. To wait for perestroika to make decisive headway so that it would be impossible not to join in or to wait for a definite return to Eastern Europe's traditional economic system. But the wait, which has translated into numerous "cosmetic" reforms, such as price reform (without any effect thus far in the retail stores), is an uneasy one.

The current contradictions in Czechoslovakia are perhaps best symbolized by the elections of top officials at the several thousand large companies. Begun in late 1988, they were meant as a way of conceding new responsibilities to workers. However, the conditions for holding elections remain a mystery and it seems that in most cases, only two candidates were fielded, only one of them acceptable to the party. The process lasted several months, during which urgent matters had to be put on hold.

But a series of economic decisions, particularly with regard to restructuring and modernizing industry, cannot be ignored. Already, numerous industrial groups, including the famous automobile manufacturer, Skoda, are in a state bordering on bankruptcy. Economic growth, it is recognized, should not exceed 2.3 percent in 1990.

According to Western experts, half of that rate of growth should be discounted because the total figure is based on inflated inventories. The VIII plan (1986-1990), with most of its goals not met, forecast 3.5 percent growth for this year and next.

Czechoslovak leaders can boast of having achieved self-sufficiency in farming, which has enabled them to avoid large shortfalls in basic food products. But despite that achievement, the stores in large cities are not well stocked. Like everywhere else in the East, except perhaps in Hungary, the lack of consumer goods is blatant.

A traditionally rich CEMA country, Czechoslovakia has everything to lose by dismantling, because the mediocrity of most of its products, as is the case in East Germany, will prevent it from retaining its clients in the East. Yet, even the leaders know that CEMA's chances of survival are extremely limited.

Several months ago, the prime minister, Ladislav Adamec, stated: "We cannot continue with this system which became obsolete a long time ago and, far from helping us, has made the socialist countries highly dependent upon the capitalist countries."

To improve its industrial performance, Czechoslovakia could turn to foreign loans since the amount it currently owes the West in strong currencies is insignificant, a mere 5 billion dollars. Inside banking circles, there is no

lack of candidates for credit and most economists have faith in the country's economic potential. But once again, distrust of the West and political hesitation—more than opposition on principle as in Romania—prevail.

Thanks to laws already or soon to be passed, the current leaders hold all the cards they need in order to implement true economic reform. But even if they were to decide to jump headlong into the reforms, their efforts would undoubtedly be hindered by hostility from the Czechoslovak population, which is not about to help change economic structures along side a government that continues to symbolize the humiliation of the Soviet invasion in the summer of 1968. Without a change in leadership, without political concessions, the Czechoslovak Government hardly has any other choice but to continue running in place.

GERMAN DEMOCRATIC REPUBLIC

Institute Journal Critiques German Unity

23000217 East Berlin IPW BERICHTE in German
Vol 18, No 8, Aug 89 pp 1-10

[Article by Dr Max Schmidt, director of the Institute for International Politics and Economics, and Wolfgang Schwartz: "GDR and FRG: Security Partners in the Common European House"]

[Text] From way back, and often in a basically different form, Europe has been the common house of the people, nations and states living between the Atlantic Ocean and the Ural Mountains.¹ It has experienced in this century two world wars that caused historically almost unprecedented continentwide devastation and had a severe impact on large parts of the rest of the globe. The second of these catastrophes led the European civilization to the brink of total destruction. Both wars were chiefly a result of the politics pursued at that time by the then-ruling German circles. This is a lasting historical burden of guilt for all Germans and constitutes a joint present and future responsibility of the GDR and the FRG for all of Europe as the leading representatives of both nations. Erich Honecker and Helmut Kohl, expressed in 1985, and which since then has been reaffirmed on several occasions, particularly by Erich Honecker during his 1987 visit to the FRG: "Never again must there be any war starting on German soil; from German soil, there must come peace."²

This historic responsibility is crucially important for the existence and future formation of the common house of Europe, since for 40 years the two countries have been divided by one of the most sensitive and conflict-laden borders between East and West. In the past, that line was repeatedly the scene of developments which could have led to the irrevocable demise of Europe and have primarily been caused by the militant-confrontational credo of former conservative FRG Governments vis-a-vis the GDR.

Today it is clear: There are two sovereign German states that are completely independent from each other. They belong to different alliances. Their social orders are incompatible with each other. Their existence is part and parcel of the balance of power in Europe and its stability. "This reality is an element of Europe's security and is considered unalterable by the people."³ The two German states—this must be emphasized in this the 40th year of their existence—are playing, in a twofold sense, an important role in a Europe that is a continent of peace, security, and cooperation, and they have a twofold task. Each in its own way has an impact on the formation of the house of Europe, while the expansion of their bilateral relations is an essential element of European development.

There is, of course, the question of how they fulfill this responsibility. Realistically, they basically have no alternative—this is why it is so very important to us—but to work in the following direction:

First, both states must make a special contribution to ensuring peace at one of the most sensitive borderlines between social systems and alliances. Specifically, this effort must not rely on unstable security through military "deterrence," but on cooperation in order to make sure that the mutual, politically guaranteed security of Europe generates on our continent more trust, less rearmament, and the inability to attack. Second, they must be an example of cooperative coexistence and good neighborliness as well as complex, mutually advantageous cooperation among sovereign states. In peaceful competition with each other, that social order will finally prevail which not only reaches a high degree of productivity but makes full use of the fruits of man's scientific-technological advances, his social progress and the development of his personality.

As security partners, both German states can and must serve as stabilizing factors in the relations among European states and provide the impulse for greater security and cooperation. In focusing on these factors, we are fully aware that our differences will continue to exist. However, they must not develop into confrontations, and under no condition must they endanger our own population and our European continent.

From Being a Source of Tension to Becoming an Element of Europe's Balance of Power

In the first decade following World War II, relations between the GDR and the FRG were a source of constant insecurity and, at times, a danger of war in Europe. "As early as 1948," Erich Honecker recalled in a recent interview, "a ruthless economic boycott of the GDR was started from the territory of today's FRG. Arbitrary disturbances of inner-German trade, the wooing away of workers, especially skilled specialists, as well as economic sabotage by paid agents—the objective was to ruin the GDR."⁴ It has been proven by hard facts that for a long time, prominent political circles in the FRG did not want to accept the existence of the GDR.

and they left no stone unturned to wipe the GDR off the map, although subsequent historic events left no doubt that the division of Germany was the brainchild of the West. For instance, future FRG Foreign Minister Clemens von Brentano stated in the early 1950's, "We will do everything possible and make the ultimate effort—I expressly say 'all' and 'the ultimate effort'—to get the Soviet zone of occupation (as he chose to call the GDR—publisher's comment) back."⁵

The plans that were supposed to accomplish this are now on file. There were many, starting from economic embargo, diplomatic blockade and diversion to being willing to go to war. The fact that it did not come to this extreme after all is the result of the consistent peace policy of the GDR and its allied socialist countries and, on the Western side, to the levelheadedness of politicians in the United States, France, and Great Britain. They knew in critical situations how to avoid getting entangled in a war against the Warsaw Pact, instead of serving the interests of those in West Germany who sought to expand their rule over the GDR. That was especially noticeable after 13 August 1961 when some Bonn politicians were heading for an open confrontation because the GDR had secured its hitherto unprotected border with West Berlin and, by so doing, abruptly put a stop to the economic bloodletting going on there as well as to spying on and sabotage committed against the GDR.⁶

In this context, it should be remembered that FRG policy vis-a-vis the European socialist countries was characterized, until the late 1960's, by its general refusal to acknowledge the outcome of World War II and developments in the postwar era. Instead, the leading circles in the FRG sought to revise it, which basically amounted to altering Europe's postwar borders at the expense of the FRG's eastern neighbors. The FRG supported the fiction of the "continued existence of the German Reich within the 1937 borders," and to this day, some—by no means unimportant—forces, especially in the CDU [Christian Democratic Union] and CSU Christian Social Union], continue to hold on to it. Federal Minister Dorothee Wilms demonstrated this in a clearly revanchistic manner in early July of this year at a convention of the Association of Silesians in Hanover.⁷ Linked to it was, and still is, the demand for German reunification which always means annexation of the GDR (and territories of the CSSR, Poland, and the USSR)—including the removal of their political and social order. Again, for many FRG politicians this is by no means a matter of the past, despite any international agreements that have since been signed.

Until the second half of the 1960's, the FRG attempted to succeed in their demands vis-a-vis the GDR through a policy of international isolation, by proclaiming the "nonexistence" of our republic as well as by pretending—with the help of the Hallstein Doctrine and a strategy of targeted internal destabilization of the GDR—that it was its sole representative. This did not change until in the early 1970's when the ruling circles in the FRG were willing to recognize the European status

quo (although not in its ultimate consequence) and also to establish it under international law. Hence it was possible to set up a contractual legal basis for both Europe's postwar order and national boundaries, which was the precondition for—and in part also the result of—the first phase of overall European tension relaxation in the 1970's and the absolutely necessary basis for the current relaxation process as well:

- The Four-Power Agreement (between the USSR, the United States, France, and Great Britain), the conclusion and realization of which normalized the situation in and around West Berlin in an important way;
- The treaties of Moscow, Warsaw, and Prague between the FRG and those nations;
- The Basic Treaty between the GDR and the FRG;
- Admission of both countries to the United Nations;
- The final protocol of the Helsinki Conference on Security and Cooperation in Europe.

The Basic Treaty of 1972, in particular, was the first major breakthrough in the relationship between the two Germanys with regard to normalizing their relations, and it subsequently led to binding agreements in many other areas. In that treaty,⁸ both parties reaffirmed their objective to contribute to the relaxation of tension in Europe and to its security, and to develop good neighborly relations with each other. It stipulates, among other things, that both sides reaffirm, now and in the future, the inviolability of borders between them and commit themselves to absolute respect for their territorial integrity. Both sides must start from the premise that the sovereignty of each of the two states ends at its national territory. They respect the independence of each of these two countries in their internal and external affairs.

It is a well-known fact that the GDR signed the agreement with a social-liberal FRG Government, while the then-CDU/CSU opposition fought it vehemently. In order to wreck the agreements, the latter even resorted to a complaint charging infringement of the constitution. For this reason, it was all the more important after the 1982 change of the Bonn government that this agreement was accepted, in principle, by the leading representatives of those parties as well. Already the very first joint Honecker-Kohl declaration of March 1985 contained—besides an acceptance of the Basic Treaty—the statement that the "inviolability of the borders and respect for territorial integrity and sovereignty of all European nations within their present borders...is a basic prerequisite for peace."⁹ This positive development—which today is unfortunately once again called into question by some conservative forces who refuse to reaffirm this declaration—has provided continuity and, in part, even ensured in the 1980's the intensification of the ongoing expansion and enrichment of relations between the two German states.

This development eventually culminated in Erich Honecker's 1987 state visit to the FRG when agreement reached on additional, clearly positive substance matters, marked—on the basis of the joint communiqué—a turning point in the bilateral relations between the two countries. Noteworthy is the contractual agreement on, and the step-by-step translation into action of, cultural, and scientific-technological cooperation and the environmental protection agreement. Economic relations have reached a relatively high level and have lent themselves to further expansion. Important problems, e.g., in the energy and transportation areas, have been settled on good terms or are in the process of being resolved. Meanwhile, more than 60 partnerships between cities in the GDR and FRG have been formed. Top-level meetings of politicians and ministers are convened and provide an opportunity for a candid exchange of ideas. It is expected that in 1989 some 6-7 million trips will be made between the GDR and the FRG.

People can no longer claim that the border, running not only between two German states but also between the two most powerful military blocs in the world and two opposing social systems, is not beginning to change its character. And of particular importance to peace: missiles have been withdrawn from both countries. There is great hope for further, even more effective disarmament measures. The GDR is making a contribution by way of unilateral measures to reduce its military forces and arms in order to shape the disarmament process.

Overall, after virtually 40 years of inner-German relations, it can now be stated that their development from "nonwar" between both states, from the other German state fighting against the existence of the GDR as a state to the Basic Agreement and its gradual fleshing out with material substance has, at almost all levels, been a complicated and many-faceted confrontation of political forces—of forces that allowed themselves to be led by the positions of different classes. Furthermore, the fact remains that different interests, viewpoints and positions will continue to clash in the future. Recognition of this realistic assessment will help protect us from any unrealistic illusions in the future as well.

Dreaming Ignores Reality

Based on the current status of GDR-FRG relations, this in no way contradicts the justified conclusion that, in many respects, we can speak of normalization. Rather, it expresses the current status, which both sides consciously present in a political way, that—besides the contrasts and incompatibilities in the character of both states, and in their goals and values of the societies they represent—there are many areas of contact, even overlapping common interests. And this is a solid foundation for the future of the German neighbor-states in the European house. However, there is a premise Honecker stated some time ago, "As a result of World War II and postwar developments, there are two sovereign Germanys that are independent from each other. They are an absolutely vital factor in the European balance of

power and thus equally necessary for a European peace order. All European peoples can live with the existence of two Germanys."¹⁰

This clarification is also appropriate because prominent political forces in the FRG are clinging to their basically revanchistic demand that the German question must be kept unresolved; in fact, lately they have stepped up their nationalist propaganda. The question now arises about the purpose and objective of those activities, the initiators of which do by no means accept Willy Brandt's realization that "the 'reunification' has become the living lie of the Second German Republic."¹¹ Holding on to this specific goal means to ask the GDR to abandon its own social order. On this basis, a serious dialogue is impossible. Moreover, it is no secret that our position with regard to the existence of two independent sovereign states is shared by important NATO partners of the FRG—although for other reasons—as a basic factor of European strategic stability, regardless of whether or not some West German politicians want to admit it.

Editor in chief Theo Sommer of the Hamburg weekly DIE ZEIT wrote the following noteworthy sentences, "Italian Foreign Minister Giulio Andreotti spoke for many people when he candidly expressed what others preferred not to say in public. 'There are two German nations, and there shall remain two.' If, to us, reunification is a dream, for most of our neighbors it would be a nightmare. They know that reunification of the two Germanys would entail the largest conceivable shift in the East-West balance of power and hence introduce an unknown into the international political equation that instills discomfort, even fear, into most of them."¹²

John Roper and Adrian Hyde-Price of the Royal Institute of International Affairs in London sums up the British position as follows, "The two German nations have become the most important economic and military European powers within their alliance system. As a united nation, they would have immense power and influence. From this would evolve a potential danger for Germany's neighbors, and would lead to the destabilization of the European security system."¹³

In this connection, we would like to quote some remarkable thoughts SPD [Social Democratic Party of Germany] politician Horst Ehmke explained early this year to, presumably, some of his conservative Bundestag colleagues: "It is well known that the Basic Law (the FRG Constitution—the publisher) makes no mention of the word 'reunification.' We must also keep in mind that the purpose of establishing the FRG itself, which followed the establishment of the GDR, was not for the purpose of maintaining the unity of the Reich but, on the contrary, a decisive step to divide the nation. Hence the last chance for restoring the unity of the Reich, was, possibly, the Stalin memorandum of 1952. At that time, Adenauer was not willing to even look at this possible chance. To him, FRG linkage with the West was more important...Not to be respected was and continues to

be...the mix of deception and self-deception that calls this a policy for reunification."¹⁴

His colleague in the SPD faction Juergen Schmude, who is also president of the German Protestant Church (EKD) synod, adds these words to this assessment. "In each camp, one meets intelligent people whose judgement is rational and who admit, in confidence, that they do not think that the goal of German reunification is a realistic one. But they do not want to say so in public. Presumably because of what anybody invariably experiences when he says that the expectation that 'it is possible to restore the nation within the timeframe of 19XY' is wrong."¹⁵

Let us return to our statement that the development of the two Germanys and their good-neighbor relations are absolutely essential for a European peace order. FRG political scientist Gebhard Schweiger underlined this by noting, "Finally, the development into normal European-type nation-states could make it easier for the FRG and the GDR to normalize their mutual relations...Institutionalizing relations throughout the entire range of our political, economic, and social life is part of this normalization process."¹⁶

The Value of Experience and Its Relevance to the Future

We believe that the eventful history of inner-German relations permits us to draw some fundamental conclusions on the question which political factors of, positions and approaches toward the GDR-FRG relationship are helpful and which may hinder, block or even revise them. This is a cardinal problem not only for the people in both German states, but also for both states in their common European house. It was also addressed in the joint communique issued during Honecker's 1987 visit to the FRG, which says among other things "that the mutual relations of the two states must remain a stabilizing factor in constructive East-West relations. It must provide positive impulses for peaceful cooperation and dialogue in Europe and beyond."¹⁷

The basic prerequisite for the further development of such a productive inner-German relationship is the acceptance by both sides of the historically created and meanwhile sufficiently strengthened as well as internationally generally accepted territorial, socioeconomic and political realities. This above all includes not to deny the other side and its different internal conditions, not even indirectly, the right to exist. Doing so, by no means requires approving of, or even sharing, the other side's sociopolitical ideas. But there should be the recognition that the latter must not be questioned by the outside or undermined by using some kind of leverage.

Accepting these realities does not mean "converging." What is needed are reliability, rationality, predictability of our relations with each other, noninterference in the internal affairs of the other side and, finally, the recognition that different political interests simply cannot be achieved by means of force.

The GDR as a socialist state is prepared to do so. No GDR statement or measure interferes with this intention. The GDR—and there is no doubt about it—has no demands on the FRG which we ourselves would not be willing to meet. Violating the sovereignty of the other side is foreign to us. What we want for ourselves is to have equal rights, and we also grant those to the FRG.

The FRG Government, by reaffirming in the Joint FRG-USSR Declaration of 13 June 1989 its unrestricted respect for territorial integrity, sovereignty, and security of any state, the right of all states to freely choose their social system, respect the norms of international law, made a commitment it must also observe in its relations with the GDR. It has been known that, for a long time, these relations were dominated by sharp controversy because the leading circles in the FRG were completely unrealistic in this respect. Still, to this day, there continues to persist a tremendous lack in this respect, especially in conservative FRG circles. Former head of the FRG Chancery Wolfgang Schaeuble, also well known for his political pragmatism, calls it a national duty "to make it possible for all Germans...to renew their political order in accordance with Western value concepts."¹⁸ CDU Bundestag Deputy Eduard Lintner, in his openly provocative behavior, explains what that means. "The demand for reunification is...inexorably directed against the communist state's demand for finality...."¹⁹

Obviously, such an approach can only damage and provoke setbacks in the normalization of relations between the two German states, especially since its advocates often tend to use agreements, based on cooperative efforts or established facts in their bilateral relations, to interfere in the internal matters of the GDR or put pressure on it.

The way FRG politicians are dealing with the topic of the Berlin wall belongs in this category. Our border security installations are a reality that is rooted in history. This kind of border became necessary because of the FRG's militant cold-war politics against the GDR at that time—and it became a stabilizing element for European security in that it eliminated a dangerous area of conflict.

Even former FRG Economics Minister and current FDP [Free Democratic Party] Chairman Otto Count Lambsdorff admitted that, in the final essence, securing the GDR border had a positive effect. He wrote, "But is there really any question that the phase of tension-relaxation policies did not begin until after it (the wall—the publisher) was built?...Because in the shadow of the wall...new policies began to develop over time...Allied understandings with the USSR with respect to Berlin became possible as well as German agreements on humanitarian issues and travel regulations. Gradually, tough negotiations produced economic, environmental and, eventually, cultural agreements between the two German states."²⁰

Unfortunately, our border is not yet an anachronism because the FRG continues to pursue positions vis-a-vis the GDR that make it very advisable to keep the protection provided by the wall. In light of our historic experiences, it is a necessary and consistent position that "there will be a wall until the issues that led to its construction have been resolved."²¹

By the way, Soviet Chief of State Mikhail Gorbachev reaffirmed this position during his June 1989 visit to the FRG when he said that the wall can only come down, "after the very problems that led to its construction will have been resolved."²²

This brings us to another political experience in the history of inner-German relations and realities. The basis of all constructive and lasting intergovernmental agreements and problem solutions is, in each case, a careful balance of interests, which requires that both sides are willing and able to compromise. On the other hand, violations of fundamental interests by the opposite side tend to have a negative impact on bilateral relationships. A balance of interests does not mean at all that positions on fundamental political and other issues, on which no agreement is possible, cannot be temporarily set aside, but that the focus is on doable issues. This is the way the Basic Agreement was worked out, and over the years it has been more successful than anybody ever dared to predict.

In early 1989, former FRG Chancery Minister Schaeuble expressed the following view: "For the time being, the basic differences cannot be overcome, but they must not be hidden or blurred. For that reason, whenever necessary, ideas about our own goals and values must be presented clearly and succinctly. This is essential for our credibility and predictability inside and outside."²³ Of course, that the GDR expects the same for itself is a foregone conclusion.

The ruling circles of the FRG must not postpone until never-never day any as yet unresolved problems: full FRG recognition of GDR citizenship; agreed determination of all parts of the national border, including the Elbe River section; discontinuation of alleged FRG responsibility for GDR citizens; and the closing down of the Salzgitter refugee center which violates international law. These are not only GDR demands but real unresolved bilateral problems. If "postponed" issues have a serious effect on legitimate fundamental interests of one party, these issues must be resolved sooner or later; otherwise they may turn into permanent irritants in these relations and, in certain areas, limit the normalization of relations and hence their qualitative improvement. For instance, the negative fallout on concrete intergovernmental relations has been demonstrated in the known FRG attitude towards GDR citizenship, which violates international law and so far has blocked agreement on a legal assistance agreement—leaving a central part of our bilateral relations unregulated and causing time and again very practical problems and even friction with far-reaching political ramifications.

It has been shown—and this is another experience of fundamental value in GDR-FRG relations—that the fact that the two states are anchored in different military alliances and integrated economic groups—which also are communities with opposing goals and values—not only is not an obstacle, but rather a viable basis for the development of bilateral relations, especially with regard to security. This will not change in the future either, as both states have repeatedly stated. The FRG seeks political partnership and support for its security in NATO and is an active advocate of EC development. There are from the GDR point of view, no doubts as to the political priorities. Basic to our government's entire foreign policy is and remains our deep solidarity with the USSR and the other socialist countries and unwavering GDR allegiance the Warsaw Pact and the bilateral contractual alliance systems of the socialist states and CEMA. Establishment and development of this network of mutual relations was a key prerequisite for GDR survival and its successful internal development. Continued systematic expansion of these relations with our socialist brother-states will remain the basis for the future on which the GDR will build and develop its other external relations, including—on a priority basis—those to the FRG.

To come to another point: relations between the two Germanys have always been more or less strongly connected to issues relating to Europe as a whole. This is a result of historical developments in this century and it manifests itself in quite a few other European countries, particularly the neighbors of the FRG and the GDR in the west and east, who keep a very watchful and critical eye on what is happening in these two states and their relations. And nobody can hold that against them in light of their past painful experiences. The past is not forgotten when numerous European people were forced to endure hideous things as part of the war that was unleashed by Nazi Germany. Resurgence of German nationalism—under whatever mantle it may try to hide—must not be tolerated and is unacceptable to those people.

This is why it is important to emphasize that the relations between the two Germanys are determined by the principles of peaceful coexistence and by nothing else. Basically, we view their development in the same way as, for instance, relations with Denmark or France. There are no special "inner-German" relations. We will strongly oppose any such relations wherever and whenever they are proclaimed and claimed because they are an extremely dangerous explosive for the peaceful development of Europe.

The all-European context of the relationship between the two Germanys is closely linked to the border issue. "European security and cooperation can only be achieved through the stability of today's borders."²⁴ We can agree with this idea, which was recently put forward in a paper by Egon Bahr. There is much historical evidence that border violations, and even demands not to acknowledge borders or the desire to change them,

have undermined stability and security, led to conflicts or even developed into wars. It is well known that the border between the GDR and FRG was the trouble spot in the postwar era, against which revisionist forces waged a bitter fight and which is questioned even today.

And finally, the responsibility of the two states toward all of Europe requires their special commitment to fight fascism. The election of neo-Fascist and right-wing national forces to the European Parliament—and that, of all places, from the territory of a German state, namely the FRG—must not be condoned as a bagatelle. We have another historic example for when a development like this one was underestimated. The politically responsible forces in the FRG should take the May 1989 appeal of the three Communist parties on German soil—the SED [Socialist Unity Party of Germany], DKP [German Communist Party] and the Socialist Unity Party of West Berlin (SEW)—as a warning to act.

Still, the fact that both the GDR and FRG conduct their bilateral relations before the eyes of the European public is not only a burden that makes many things more difficult. It is also an opportunity—and its present and future importance must not be underrated—to develop from the center of Europe ideas the impact of which will benefit the entire continent. The past has shown that the existence of the two Germanys has a stabilizing effect on Europe only if it is cooperative in nature and if the responsible players do not use it against, but with each other, especially in difficult situations. An example, in our view, was the GDR policy of damage limitation that country has pursued since 1983, following the start of the deployment of missiles in the FRG—because it was deeply convinced that, although East-West relations were experiencing a significant deterioration, ultimately the existing problems could be resolved only through cooperation.

However, in crisis situations, GDR-FRG cooperation works only, if the partner on the opposite side acts in a similar way, at least in the beginning, because he understands that, his doing so serves his own interests. In the 1980's, important parts of the leading circles in the FRG have demonstrated that their feelings were absolutely realistic. Thus the FRG participated in drafting the INF Treaty (Treaty on Intermediate-Range Nuclear Forces) and, essentially, continued its relations with the GDR as they started out under the Social-Liberal coalition. The FRG should continue to take this as an example for conducting its policies in the future.

Yet in view of the opposing nature of the GDR and FRG social systems and political structures, it would be an illusion to assume that the bilateral relations between the two states can be, or can become, entirely free of contradiction, friction, and tension. Instead, the decisive point in practical politics is how to handle inevitable conceptual differences or controversies in the GDR-FRG relationship in order to continue the trend towards greater normalization and improvement and make it immune to

temporary setbacks. Such a political start was formulated in the "Controversy of Ideologies and Mutual Security" paper, a cooperative work effort of representatives of both the SED and SPD. It says, "We will have to live with the tension of consensus and conflict...Co-operation, competition, and conflict must become equally acceptable forms of dealing with one another."²⁵

Cooperation in Security Matters—The Undeveloped Dimension of the Basic Treaty

Due to a series of concrete processes in past decades, the two German states have become partners in the all-German context in matters concerning security. For them, there is no longer any external national security in the traditional sense, that is, more or less independent from the other side or even against it. For them, security can only be achieved as mutual security because their future internal social development and even their survival are, in many ways interdependent and because they increasingly have to rely on each other in cases relating to the resolution of the fundamental problem.²⁶ This is particularly true in the military area.

In a military conflict between NATO and the Warsaw Pact, both of which keep the most offensive-oriented units of their Armed Forces in Central Europe, the two German states (together with the CSSR) would be the first and most severely hit countries. In view of the great vulnerability of their economic-technological and social infrastructure in the event of military action,²⁷ the two Germanys would be unable to survive a war as functioning highly technical industrial societies. Some time ago, the FRG Bundestag Chairman of the CDU/CSU faction, Alfred Dregger, stated correctly at Washington's (sic) Johns Hopkins University, "It is in the interest of German survival to prevent a nonnuclear war also."²⁸ One can assume that today's ruling circles in the FRG pay adequate attention to this reality.

Objectively speaking, this issue of European security has led the two Germanys to a common interest in preventing war, and this was repeatedly expressed by them as a view they both share. Still, besides this basic agreement, there is currently no active and concrete cooperation between the two states concerning steps that might be taken to limit rearmament and disarmament. A look at the Basic Treaty reveals that the program outlined in the agreement is carried out with the help of contractual regulations in almost all relevant spheres of bilateral relations—except for one particularly weighty question. That is Article V of the Basic Treaty which reads, "The GDR and the FRG shall promote peaceful relations among the European nations and contribute to European security and cooperation. They shall support efforts to reduce the number of military personnel and weapons in Europe, without causing disadvantages to the security of the participants. In order to achieve general and complete disarmament under effective international control, the GDR and the FRG will support endeavors

that enhance international security, encourage arms limitation and disarmament, especially in the area of nuclear arms and other mass destruction weapons."²⁹

To this day, nothing has been done with respect to the problem area of security-related cooperation outlined above. The sole reason is the negative attitude of the FRG to take targeted action in this matter or address the GDR proposals. We agree with many GDR critics of the FRG Government³⁰ that much needs to be done in this area.

This is why the fundamental GDR-FRG interest in preventing war is overshadowed by their equally fundamental disagreement on the question of how and by which means and methods the goal of preventing war can be accomplished most effectively. While the FRG Government and its leading political forces continue to support the idea that this must be guaranteed primarily by deterrence based on its own military strength, the GDR argues that not deterrence but a carefully designed policy of partnership in security matters and mutual security is the way that provides the countries and people of Europe with a future without war. In terms of their contents, the different points of departure the two Germanys have chosen for dealing with these issues can be described as follows: Deterrence means developing, maintaining, and expanding potential military threats against each other and that, of necessity, leads to confrontational, tension-ridden relations which, at any time, make for extremely dangerous military escalation, since immense military arsenals have been stockpiled. In contrast, mutual security in the military arena means fewer potential military threats against each other, and that may make it possible to build an important basis for cooperative relations, in which the material means for military escalation are gradually cut back.

Despite their different basic positions, the political players must take constructive action in order to make progress on this issue, as they did in the INF Treaty. This was borne out by the rearmament control and disarmament initiatives, which both the SED and the SPD developed together—for a zone free of chemical weapons and a corridor free of nuclear arms as well as the establishment of a "zone of trust and security in Central Europe." Both sides have agreed to continue their endeavors to negotiate the reduction and removal of all tactical nuclear arms from Europe. The SPD is known to support the position that it wants to overcome the use of deterrents in East-West relations, but—so long as this security system remains the basis of NATO as a whole—it does not wish to terminate unilaterally the policy of deterrence. This stance, which has its roots in the political machinery of the FRG, does not prevent us from gearing our policies toward the future. SED-SPD collaboration may be considered a new type of cooperation within the framework of East-West relations and an example for what can be accomplished through compromise on the basis of an issue-oriented, realistic acknowledgement and perception of the security concerns of

both sides, without one side jeopardizing or even forfeiting its identity, its membership in an alliance or other fundamental aspects of its view of itself. This creates a measurement for what the GDR and FRG can reasonably do in the area of armament control and disarmament—provided there is a determined political will to do so. But on the part of the FRG, such a willingness has so far been absent.

The Bonn government's response to the underdeveloped status of cooperation in security matters is the extremely poor argument "that disarmament efforts must first be launched in negotiations between NATO and the Warsaw Pact."³¹ Nobody doubts such pact-to-pact negotiations (see, for instance, at what level the 23 in Vienna are holding their negotiations on conventional weapons and military personnel). Yet a question of eminently practical importance is what and how the two Germanys can make a contribution—as a member of their alliances and, under certain circumstances, also jointly—to promote such efforts as quickly and successfully as possible. The GDR is starting from the assumption that both German states are responsible for military measures affecting their territories and their military forces. Their mutual relations must not neglect to focus on these questions, by bringing up, for instance, the release rights and competencies of their alliances. The reason is that being tied to opposing alliance systems does not mean that the GDR and the FRG have no need or no latitude to pursue goals stemming from their specific interests in matters related to the preservation of peace. Rather, because both countries are firmly integrated into their respective alliances, they have the opportunity to engage in joint parallel activities at several levels, both within the alliance itself and vis-a-vis the other German state.

Not long ago, SPD security expert Egon Bahr made a direct reference in a speech to Article V of the Basic Treaty and noting, after also making the point that the contents of that article had not yet been dealt with, "It (the article—the publisher) contains, deliberately, a program that for a number of reasons has only now become topical... That text is not a statement of intent; it is an operative binding commitment of the two countries. The time has come to fulfil that commitment."³²

Basic Aspects of the Disarmament Agenda

Independent from the FRG's attitude of hesitation with regard to these questions are a number of problems involving fundamental security interests of the two German states. Hence, it is perfectly clear that they are especially well suited to cooperation in security matters. However, in the future, it will less than ever suffice to stop at the dialogue stage. Not long ago, the deputy chairman of the Bundestag CDU/CSU faction, Volker Ruehe, expressed the view that "The dialogue between the FRG and the GDR can also address security-related issues—as it already been done before—security topics. As an exchange of ideas, such a dialogue can be very useful..."³³ Nobody will dispute that, but it must of course involve resolving concrete problems, that is, work

on disarmament, negotiations, agreements and measures, and to do so, they need the substantive input of both Germanys, as outlined in Article V of the Basic Agreement. Responding to the impulse provided by the INF Agreement, the GDR for its part already submitted in late 1987,³⁴ in a letter from Erich Honecker to Helmut Kohl, a new broad-based initiative which is still without a constructive response from Bonn.

In this respect, two issues are of particular importance to the two German states as security partners:

First, the efforts of the GDR and the FRG should help promote further progress in reducing and eliminating nuclear weapons in Europe, especially tactical nuclear systems, of which both sides have accumulated immense arsenals.

Second, both countries must work to achieve, as quickly and comprehensively as possible, deep cuts in their military personnel and conventional weapons from the Atlantic Ocean to the Ural Mountains.

Tactical nuclear weapons with a range of less than 500 km affect the vital interests of both German states in a special and equal way because, if necessary, they would be deployed on their soil. This brings us to the following conclusions:

- Both Germanys should support the nonmodernization of these nuclear weapons. On the one hand, this would strengthen the INF Treaty and, on the other, it would facilitate the dismantlement of these systems. Hence measures could be adopted to get rid of the asymmetries between them until the zero solution will be reached.
- Both states also support the start of negotiations to reduce and remove tactical nuclear arms. These talks should start immediately and parallel the Warsaw Pact and NATO talks on conventional disarmament that began in March of this year. A GDR offer, which enjoys the full support of the Socialist countries, is known to have been introduced.³⁵

Unfortunately, the FRG continues to be quite ambivalent about these important issues. Although in the recent past, FRG Chancellor Kohl has repeatedly expressed in public his support for nonmodernization in the short-range area,³⁶ it became known in February 1989 that the MBB [Messerschmitt, Boelkow, and Blohm] arms manufacturing firm, with the express approval of the FRG Government, is working on a West German tactical missile system of its own which has a range of up to 500 km and could be equipped with nuclear weapons (KOLAS) as well. The project, after becoming public knowledge, was halted for the time being, according to public statements by FRG then-Defense Minister Rupert Scholz—but is still kept in the drawer.³⁷

However, the attitude of the FRG Government, in particular, towards the rearmament plans of some NATO members in the tactical nuclear area³⁸—in propagandist

terminology called “modernization”—raises basic questions.³⁹ After months of debates it became clear that, especially in the conservative camp of the FRG Government parties, prominent circles would accept and help support additional NATO nuclear arms measures, even on FRG territory, agreement was reached not to permit at this point in time a resolution to deploy new atomic medium-range missiles with a range of about 500 km—which are being developed and built as replacement for the LANCE missiles—but to reserve the “option” to do so in 1992 and at the same time advocate the early start of negotiations on nuclear short-range missiles and to work on a request to hold negotiations on nuclear artillery ammunition as well.⁴⁰ This position differed from that of the United States and Great Britain who had sought to obtain as quickly as possible a concrete deployment decision in NATO and had openly rejected for the time being, any negotiations on short-range atomic weapons. A compromise reached at the May NATO summit in Brussels, expressly permits the United States to develop the followup system to the LANCE missiles, but postpones until 1992 the decision to deploy them in the FRG and other West European countries. It was agreed to start negotiations on tactical nuclear weapons only after first results have been achieved, and are being carried out, in the negotiations on conventional arms reduction. Hence the position the FRG Government now supports does, in principle, not exclude continued nuclear rearmament. Likewise, it remains an open question what will happen if other NATO members continue to block the resumption of negotiations. In addition, crucial types of tactical nuclear arms, e.g., airborne weapons and the artillery, are exempted in their entirety. This, together with the well-known fact that part of the FRG Government will probably look for primarily political tactics in order to survive the next Bundestag election campaign without having to deal with the “missile topic” and to then get things going in line with the open option, suggests on balance that the FRG Government as a whole remains a not-consistently involved partner in efforts to overcome the danger of Europe’s nuclear annihilation. Much will therefore depend on a continued strengthening of the forces of reason and realism.

As for the reduction of military personnel and conventional arms, the leading representatives of the GDR and the FRG are known to have agreed back in September 1987 “that advances in nuclear disarmament make conventional disarmament, aimed at enhancing the security and stability of Europe from the Atlantic and the Ural Mountains, particularly urgent.”⁴¹ “We believe that it should therefore be the main goal of the two German states to minimize, disperse, and restructure the military potentials on both sides to an extent that will gradually lead to a situation in which neither nation is able to launch an attack.”⁴²

This is in line with the unilateral preparations the GDR, USSR, and other socialist countries have made to reduce their armed forces, weapons systems, and military

expenditures while focusing their arms structures even more strictly on defense. By 1990, the GDR will reduce, unilaterally and independently from the outcome of negotiations, its Army by 10,000 or 6 percent of its present strength, by 600 tanks and 500 aircraft. It will cut its defense expenditures by 10 percent and—after a short 3-month military training period—return another 11,500 army members to the economic sector, in exchange for 15 months of military service. These measures are designed to induce not only the FRG to undertake comparable steps.

A suitable framework for the activities of the two German states provide the current negotiations held in Vienna among the 23 members of the Warsaw Pact and NATO, whose mandate on a priority basis it is "to eliminate the capability to launch surprise attacks and start large-scale offensive actions."⁴³ Toward that end, the socialist countries have introduced in Vienna a proposal to reduce in several steps, by 1996-97, all conventional military personnel and weapons and their main components—personnel strength, offensive aircraft, attack helicopters, tanks, armored combat vehicles, and artillery—by about 55 percent to equal upper limits.

With respect to conventional disarmament, the GDR Government for its part is fighting for the establishment of general goals it has repeatedly supported in public and submitted to NATO; they open the way for approaching these problems in a constructive manner and their central elements are as follows:⁴⁴

- Establishment of a secure and stable balance of conventional military forces at a lower level,
- Elimination of imbalances that have a negative impact on stability and security, and
- Elimination of the ability to launch surprise attacks and large-scale offensives.

Nevertheless, it must be noted in this context that in the FRG Government position, realistic and—in terms of the Vienna negotiations—potentially productive aspects are interwoven with significant, realistically counterproductive elements aimed at reaping unilateral advantage, that is, seriously discriminating against the Warsaw Pact. Furthermore, in the area of conventional arms, the FRG continues to demonstrate behavior that is in direct contrast to the goals of the current Vienna negotiations.

Above all, it supports the NATO claim that, even at this time, its armed forces are unable to launch an attack.⁴⁵ That implies that fulfillment of the mandate established by the Vienna negotiations is practically the sole responsibility of the Warsaw Pact members. This, of course, is diametrically opposed to military reality, especially to the strike forces NATO maintains in FRG territory, which in terms of their numbers, arms and structure and their military-strategic and operative principles, are capable of conducting both surprise and large-scale offensive operations that cover the entire area of the

GDR (and the CSSR). The notion that these issues be left out of the Vienna negotiations is certainly not a constructive basis for reaching negotiated solutions.

This is also true for the NATO argument at the Vienna negotiations, which until now has had the special support of the FRG, to limit the talks to the reduction of the three major weapons systems of the ground forces (tanks, armored personnel carriers, artillery), in which the Warsaw Pact countries have military dominance. On the other hand, the aerial attack forces, where NATO has a significant advantage with, in case of conflict, potentially strategic importance, should be practically ignored. The FRG delegates submitted arguments that are plainly contradictory in themselves. Thus Foreign Minister Hans-Dietrich Genscher stated, "To eliminate the capability for surprise attacks and large-scale offensives, the reduction efforts should first of all focus on ground-supported major end-items, particularly tanks and artillery."⁴⁶

Even if it were possible to plan or undertake a surprise attack in Europe, it would be obvious that, in the combination of ground and air forces, the latter plays the primary role because they would be the ones that might constitute a surprise factor. The wide-ranging and complex low-altitude practice flights of the NATO forces over the FRG—incidentally, the Warsaw Pact forces have no comparable exercises in their forward areas—operate exactly against such a background. This is why it must be examined how the willingness, expressed and welcomed at the NATO summit in Brussels, to include aircraft, helicopters, and personnel strength in the reduction process, can be translated into concrete negotiations.

Of interest will also be the future attitude of the FRG itself. In the area of conventional arms, the FRG remains to this day one of the forward-pushing and most active forces in NATO in matters concerning the further expansion of the offensive capacity of NATO's air and ground forces in Europe within the framework of all attack-oriented operative concepts and guidelines of the NATO military strategy of the "flexible response." This applies to fighting the enemy's air force on the ground (Offensive Counter-Air), battlefield interdiction from the air (Air Interdiction), aerial attack support on the battlefield (Close Air Support) or the engagement of Warsaw Pact reinforcement forces prior to their intervention at the front (FOFA).⁴⁷

Other Areas of Cooperation on Disarmament Issues

Besides the above-discussed arms limitation and disarmament issues, there are other important areas relating to military security that impact on the basic concerns of the two Germanys:

- It can be assumed that the common goal to further minimize and eventually eliminate the danger of surprise attacks is very closely related to the creation of zones that are free of nuclear arms and generally have less military forces at the border between the NATO

and Warsaw Pact member countries. We believe that the past rejection of related GDR proposals is contrary to the obvious security interests of the FRG itself.

—In addition, the early conclusion of an international convention on the worldwide and reliably verifiable prohibition of the development, production, storage and use of chemical weapons is a problem about which both states have repeatedly expressed their urgent concern, e.g., early this year through their foreign ministers during the Geneva Disarmament Conference.⁴⁸ It is well known that the GDR considers the creation of a zone, free of chemical weapons, to be a major agenda item in a global conference. So far, the FRG has taken, for all practical purposes, a negative position on such an undertaking. Now the United States has announced that ways should be examined for the faster withdrawal of its C-weapons from the FRG. No such arms are known to be stored on GDR soil. Hence it seems reasonable, as GDR Foreign Minister Oskar Fischer proposed in Geneva, "to secure Central Europe's freedom from C-weapons by way of an international document and, by doing so, to provide a strong impulse for the worldwide elimination of chemical arms."⁴⁹

—Finally, it could also be a joint GDR-FRG concern to work for continued qualitative development of a system of trust- and security-building measures and in that way, to minimize the danger of conflict and war on our continent. In this context, reference is made to the detailed SED and SPD proposals for the creation of a "zone of trust and security in Central Europe."⁵⁰

All these questions, problems and concerns about the inner-German relationship would be meaningful and necessary topics for, e.g., direct contacts between the two countries' defense ministers, which Army General Heinz Kessler advocated some time ago. But thought should also be given to some form of periodic meetings of "civilian" and military experts of both countries on this complex of issues, in which representatives of the Foreign Offices and of diverse scientific disciplines would participate.

After all—and Egon Bahr is correct in saying so—"there is much that both states could propose,"⁵¹ provided the two sides have the political will to do so. Schaeuble stated during a GDR visit in November 1988, "Naturally, questions concerning security and arms control have a natural place in our political dialogue."⁵² So far this space has not been filled in any other way. It is undoubtedly up to the FRG Government to make a basic change here. The willingness of the GDR to do so and its many concrete initiatives have been on the table for a long time.

The GDR centerpiece of its relations with the FRG will always be the issue of securing peace. Making concrete contributions to continued disarmament and the process of tension-relaxation remain the core of the GDR's contribution to the house of Europe. This, by the same

token, also includes continued expansion of the political dialogue, participation in economic cooperation, expansion of scientific-technological collaboration, efforts toward cross-border environmental protection, and the contribution to truly humanitarian relations.

Footnotes

1. This article supplements the authors' work on the topic "The Common House of Europe," in: IPW Reports Nos 9 and 10, 1989.
2. NEUES DEUTSCHLAND, Berlin, 13 Mar 85.
3. E. Honecker: "It is with the people and for the people that we carry out the general tenets of our party for the benefit of mankind." From the report at the occasion of the SED Central Committee Secretariat consultations with the first secretaries of the kreis directorates, Berlin, 1988, p 101.
4. NEUES DEUTSCHLAND, 9 Feb 89.
5. BAYRISCHES VOLKSECHO, Munich, 8 Mar 52.
6. Also see Honecker's statements in NEUES DEUTSCHLAND, 9 Feb 89.
7. See NEUES DEUTSCHLAND, 3 Jul 89. Also, for example, E. Lintner, "Ueberlegungen zur Deutschlandpolitik" [Thoughts on German Politics], in V. Ruehe's, "Herausforderung Aussenpolitik: Die neue Generation der CDU/CSU meldet sich zum Wort" [Challenge of Foreign Policy: The New CDU/CSU Generation Wants to Speak], Herford 1988, p 91.
8. Compare Basic Treaty Between the GDR and the FRG of 21 December 1972 in: "Dokumente zur Aussenpolitik der GDR," Vol XX, Semivolume, Berlin, 1975, pp 891.
9. NEUES DEUTSCHLAND, 13 Mar 85.
10. Erich Honecker, "Reden und Aufsaetze," [Speeches and Essays] Vol 10, Berlin, pp 368.
11. Quoted from DER TAGESSPIEGEL, West Berlin, 13 Sep 88.
12. DIE ZEIT, Hamburg, 15 Aug 86, pp 9.
13. A. Hyde-Price, and J. Roper, "New Directions in European Security. Translation from the Manuscript." IPW-Archiv.
14. SPD faction, Bonn, 19 Jan 89.
15. VORWAERTS, Bonn, 11 Mar 89.
16. G. Schweigler, "Normalitaet in Deutschland" [Normalcy in Germany], in: Europa-Archiv, Bonn, June 89, p 180.
17. NEUES DEUTSCHLAND, 9 Sep 87.
18. BULLETIN, op. cit., FRG Press and Information Office, Bonn, No 21, 1989, p 189.

19. E. Lintner, "Ueberlegungen zur Deutschlandpolitik" [Thoughts on Germany Politics], op. cit., p 100.

20. Quoted from QUICK, Munich, No 34, 1986, p 34.

21. From the Politbureau to the SED Central Committee's Eighth Congress, Reporter: H. Hermann, in NEUES DEUTSCHLAND, 23 Jun 89, p 3.

22. Quoted from DIE WELT, Bonn, 16 Jun 89.

23. BULLETIN, op. cit., No 21, 1989, p 191.

24. E. Bahr, "Zum europaeischen Frieden" [On Peace in Europe], West Berlin, 1988, p 42.

25. NEUES DEUTSCHLAND, 28 Aug 87.

26. For details see also: M. Schmidt and W. Schwarz, "Fuer die Zukunft der Menschheit: Neues Denken und Handeln" [For the Future of Mankind: New Thoughts and Actions], Berlin, 1988, pp 12.

27. For details also see: M Schmidt, "Europa und die Entwicklung neuer Produktionskraefte—neue Bedingungen und Herausforderungen fuer eine Politik der Friedenssicherung durch Abruestung und Zusammenarbeit" [Europe and the Development of Modern Productive Forces—New Conditions and Challenges for a Policy to Secure Peace Through Disarmament and Cooperation," in FORSCHUNG FUER DEN FRIEDEN, Berlin, Vol IV, 1988, pp 14.

28. Quoted from NEUES DEUTSCHLAND, 6 May 88.

29. "Vertrag ueber die Grundlagen der Beziehungen..." op. cit., pp 892.

30. So for instance: W. Bruns, "Normalisierung oder Wiedervereinigung—Perspektiven deutsch-deutscher Politik" [Normalization or Reunification—Perspectives of Inner-German Politics], FRANKFURTER RUNDSCHEU, Frankfurt/Main, 13 Jun 89.

31. D. Wilms, "Probleme und Perspektiven der Deutschland-politik" [Problems and Perspectives of Germany Politics], in BULLETIN, op. cit., Vol 8, 1989, p 62.

32. FRANKFURTER RUNDSCHEU, 14 Dec 1988.

33. WESERKURIER, Bremen, 3 Feb 89.

34. Compare NEUES DEUTSCHLAND, 5 Jan 88.

35. Compare "Erklaerung der Teilnehmerstaaten..." [Declaration of Warsaw Pact Members...], loc. cit., in: NEUES DEUTSCHLAND, 13 Apr 89.

36. Compare for instance: NEUES DEUTSCHLAND, 16/17 Jan 88.

37. Ibid, 10 and 17 Feb 89.

38. Also, among others, : H. Hoffmann, "Die atomaren Kurzstreckenwaffen und die NATO-Strategie" [Atomic Short-range Weapons and the NATO Strategy] in: FRANKFURTER RUNDSCHEU, 15 Feb 89.

39. Also: "Koalitionspläne zu Kurzstreckenraketen" [Coalition Paper on Short-range Missiles], in: FRANKFURTER ALLGEMEINE, Frankfurt/Main, 24 Apr 89.

40. Ibid.

41. "Gemeinsames Kommunike ueber den offiziellen Besuch des Generalsekretärs des ZK der SED und Vorsitzenden des Staatsrates der DDR, Erich Honecker, in der BDR vom 7. bis 11. September 1987" [Joint Communiqué on the 7 to 11 September Visit to the FRG of SED Central Committee Secretary General and Chairman of the GDR Council of State Erich Honecker], in: NEUES DEUTSCHLAND, 11 Sep 87.

42. For details on these problems see: M. Schmidt and W. Schwarz, "Strukturelle Angriffsunfähigkeit in Europa—vernünftige Alternative zur Abschreckung" [Structural Inability for Attack in Europe—Reasonable Alternative to Deterrence], in : HORIZONT, Berlin, No 3, 1989, pp 3, and AUSSENPOLITISCHE KORRESPONDENZ, Berlin, No 12, 1989, pp 91.

43. "Mandat fuer Verhandlungen ueber konventionelle Streitkraefte in Europa" [Mandate for Negotiations on Conventional Armed Forces in Europe], in: NEUES DEUTSCHLAND, 21/22 Jan 89.

44. Also, for example: R. Scholz, "Sicherheit in Europa" [Security in Europe], in: BULLETIN, No 159, 1988, p 1421.

45. Also, for example: H.-D. Genscher, "Perspektiven und Fundamente fuer Sicherheit und Abruestung" [Perspectives and Foundations for Security and Disarmament], No 23, 1989, pp 209.

46. BULLETIN, op. cit., No 23, 1988, p 194 (emphasis—the author).

47. For details see also: H Peter and W. Roschlau, "Konzepte und Ruestungen contra Sicherheit in Europa" [NATO Concepts and Armaments Against Security in Europe], Berlin, 1988, pp 13.

48. Compare O. Fischer, "Sicherheit durch Abruestung—Schlüssel fuer friedliche Welt" [Security Through Disarmament—Key to Peaceful World], in: NEUES DEUTSCHLAND, 19 Apr 89; also: H.-D. Genscher, "Perspektiven und Fundamente..." [Perspectives and Foundations...], op. cit., p 211.

49. O. Fischer, "Sicherheit durch Abruestung..." [Security Through Disarmament...], loc. cit.

50. Compare NEUES DEUTSCHLAND, 21 Jun and 8 Jul 88.

51. FRANKFURTER RUNDSCHEU, 14 Dec 88.

52. BULLETIN, op. cit., No 153, 1988, p 1365.

HUNGARY

Travel, Emigration, Resettling Rules To Be Relaxed

25000395 Budapest *HETI VILAGGAZDASAG* in Hungarian 8 Jul 89 pp 52-53

[Unattributed article: "Passport Law Plan: We Have an Itch To Go"]

[Text] Going beyond the rules governing the global passport, new measures which further liberalize emigration and immigration, as well as the provisions governing passports in Hungary can be expected to go into effect early next year. At least an intention to this effect can be seen in two legislative proposals approved last week by the Council of Ministers, the texts which were published on Monday. According to plans, the government will once again discuss the proposals in August. Following public debate the proposals will be submitted to the National Assembly this fall.

We have seen that the travel provisions eagerly received two years ago proved not to be sufficiently liberal. Moreover, they are not consistent in every respect with international agreements. The official viewpoint holds that a law governing passports, emigration and immigration is needed, as was recommended already by some representatives two years ago during debate on the world passport.

From among the two legislative proposals the one pertaining to emigration and immigrations contains several novel provisions. Consistent with the International Treaty Concerning Civil and Political Rights, the proposal recognizes the free choice of residence, as well as emigration and immigration as fundamental rights, and further provides that this right may be limited only under conditions specified in that law. In practice this means that free emigration from Hungary may be expected to become a reality next year. There will be no need to provide a reason for the intention to emigrate (e.g. family reunification), one will only have to announce the intention, presumably at police headquarters. Nevertheless the proposal stipulates a few conditions. Thus, for example the emigrant must prove that he does not owe money to the state (tax or social security arrears). Persons of military age must have permission granted by the Ministry of Defense; in the case of children, unless both parents emigrate, a permit from the court of guardians must also be obtained. The applicant must first declare that he has complied with these conditions, then, in response to official notice the applicant must submit the documents, and must settle his official duties (reporting change of address, returning his personal and military identification). After all these steps the citizen's documentation is stamped: "He May Leave the Country for Purposes of Emigration."

Ministry of the Interior officials call attention to the fact that proof is required only in regard to money owed the state, but not about National Savings Bank or private

debts. The latter are not under the purview of the authorities, at most the authorities will call the applicant's attention to the need to settle those debts. Incidentally, the emigrant will be able to travel wherever he wants to (or can); "settling" the destination, e.g. obtaining immigration permits from other countries, will be up to the applicant.

There are a few cases, however, in which the authorities will continue to decline approving emigration applications. Prison sentences not served are one example. Holders of state secrets whose protection is justified by a particularly important national security interest—to use the wording of the proposal—cannot leave the country. One may appeal state administrative decisions denying the right to emigrate, however, and a second, higher level denial may be challenged in a higher court. According to a new provision, a departure from present practice, the final word will not come from the state administration; it will come from the soon-to-be-established Public Administrative Court.

The legislative proposal makes it clear that all Hungarian citizens residing abroad have an inalienable right to return to Hungary. This also applies to persons holding dual citizenship; the proposal discontinues the present restrictions: In order to return, the returning person will not have to prove the source of his future livelihood.

In regard to immigration, however, the authority's right to exercise discretion will continue. Thus, for example, applications for immigration may be denied for reasons of state security and public order. As we were told at the Ministry of the Interior: They are aware of the fact that the utility of these concepts is debated by many, nevertheless these categories are used abroad as well as in the above-mentioned treaties, according to the Ministry's reasoning. Judicial recourse is available in cases involving the denial of immigration permits.

The issuance of private passports will also be further simplified. To accomplish such simplifications they will further narrow the limitations: In the future, persons having a criminal record will also be able to obtain passports, just as those who according to the existing rules "severely violated the laws of the Hungarian People's Republic while abroad." In exceptional cases (such as the death of a close relative) after the passport law goes into effect, even those persons may receive a one-time passport whose overall passport restriction remains in effect. Exceptions include persons awaiting to serve a prison sentence, or persons holding state secrets which are of particular importance from the standpoint of national security.

According to the plan, Hungarian private passports will continue to be valid for five years, but one may stay abroad beyond 90 days, until the expiration of the document. By virtue of this provision the possibility of violating a person's rights in any way just because he did not return to Hungary "on time" will discontinue. (Also the crime of staying abroad contrary to the law will be

discontinued.) Legal remedies regarding passport issues will be similar to those available relative to immigration, i.e. the final decision will be rendered by a court of law.

Another new item is the discontinuation of the service passport, and the law will define who is entitled to receive diplomatic passports. Both measures are needed because in part it is necessary to conform to international requirements, and in part because several states have objected to the fact that too many Hungarians were traveling with such documents, according to the Interior Ministry. Therefore, private passports will be used for official travel, and the group of persons entitled to diplomatic passports will not include, for instance, national assembly representatives and county council chairmen; on the other hand, "party leaders representing Parliament" will be included.

Along with the liberalization measures the Interior Ministry stressed the fact that after the new laws go into effect all decrees and orders relative to emigration, immigration, and passports will be public. (Thus far, for example, the list of persons entitled to diplomatic passports was not made public.) In regard to the anticipated effects of the new rules the Interior Ministry said that they were not concerned about a sudden increase in the number of emigrants if for no other reason because it is becoming increasingly difficult to find host countries. Not to mention the fact that according to the new rules, one can spend as many as five years abroad with a private passport, and without any special permission from the Hungarian side. On the other hand the Ministry assumes that the number of returning Hungarian citizens will increase, and that people whose livelihood is not secured in Hungary will also return. For this reason, in accepting the proposed legislation the government decided that in order to facilitate the settling down of such citizens it will establish an "institutional system and a fund," and assigned the development of details to the Ministries of Finance and of Social Welfare and Health.

POLAND

Rapid Internal Party Changes Lead to Confusion, Conflict

26000641 Poznan WPROST in Polish
28 May 89 pp 6-8

[Article by Leszek Luczak: "Without an Umbrella"]

[Text] Several times attempts have been made to make order in the PZPR. In general, economic breakdowns, social crises and related political crises have afforded their own opportunity for getting things in order. At such times in our most recent history, the party has done a more or less in-depth self-criticism. Lists of various lengths of errors and distortions have been generated and concrete individuals and groups have been saddled with the responsibility for these errors and distortions. These errors and distortions have also been explained in terms

of various objective difficulties and the actions of enemies inside and outside Poland. Then there were brief periods of the various renewals and thaws and a real revitalization of intraparty life. Following this, everything reverted back to the old ways, thus engendering more distortions, errors and individual downfalls. The enduring changes in party practice that came into being as a result of the breakdowns have been rather of a cosmetic nature. The more revolutionary changes have been shortlived as a result of the consistency of the opposition, the lack of energy of supporters and, above all, due to the lack of circumstances forcing progress and real change upon the party.

Meanwhile, life went on, society changed, the economy changed, and Poland and the world changed. The party became more and more conservative. The penetrating power of the adherents of change, both those at the bottom (e.g., the movement of lateral structures) and those at the top was too low, or their program was too destructive and not constructive enough. This in combination with the immaturity of the young opposition engendered the danger of plunging the country into anarchy.

A Failed Exam

At the same time, however, it became more and more difficult for the PZPR to resolve the mounting problems of Poland by political means. It had to resort to extraordinary ones. The date of 13 December 1981 was the defeat of the opposition, but it also was the party's defeat. The years that followed were devoted to preparations for making up for the failed exam, an exam that ultimately had to be passed if we wanted to continue to develop as a society. The roundtable was the prologue to this makeup exam. We shall be faced with subsequent test questions in the near future.

The 10th Plenum was an important moment in the PZPR's preparations for this exam. At this plenum, reform-minded forces succeeded in pushing through changes in party strategy. These changes were reflected in the roundtable decisions. The reform of the supreme organs of state, permitting the opposition to take part in authority, agreeing to union pluralism and the very significant depoliticization of the economy—all this places the PZPR in a new situation, a difficult one. By their very nature, such new systemic solutions as free elections to the Senate, the increased dependence upon decisions made by coalition partners, the greater potential for propagating the views and opinions of the opposition and the development of self-government will make the exercise of authority uncomfortable.

Political Suicide?

These changes shocked many party members. Some of them supported the changes enthusiastically, some felt them to be right, if risky, and some treated them as an attempt at political suicide or as outright treachery. These various reactions to the stepping up of reforms,

particularly political reforms, also were apparent at the PZPR National Conference of Delegates.

Fears over the fate of the party under the new circumstances emanate from an assessment of the state of the party and its ideology and from the perception of an ideological split among party members, from a lack of experience in conducting an open political game, from inertia in party structures and the passivity of many party members and from problems with the influx of new blood. It is also understandable that the new rules of political life in the state and in the party itself cannot engender optimism and enthusiasm among people who manage to work in the party (and sometimes draw benefits from it—although these benefits are becoming fewer and fewer), in the almighty office, and who get goose bumps at the notion of taking an exam in their real political skills.

The habits of making declarations, giving glowing reports and presenting little reports full of banalities and demagoguery were manifested in the Congress Hall. Some delegates warned by calling to mind "how the attempt at dialog with Mikolajczyk or with Solidarity in 1981 ended." There were also those who tried to bore the listeners by uttering all sorts of stupidities, by complaining of local or group difficulties or by reading lists of achievements of their own voivodships. Fortunately, some of the delegates reacted in the appropriate manner to this type of speech and compromised not only the speakers but also their party superiors, forcing them to leave the platform with thunderous handclapping. The result was that a portion of those signed up for the discussion lent their carefully prepared voices to the record and said something about themselves, in a very interesting fashion. They stated that the situation of the party is deplorable, that the party is viewed by society as an obstacle to reform and a destabilizer of public life (a delegate from the Gdansk shipyard). Others in turn assured that the state of the party is not bad. For example, Krystian Luczak, KW [Voivodship Committee] first secretary in Wloclawek, reported that the state of the party in the Wloclawek Voivodship is good, since the party organization in this voivodship has neither declined nor become obsolete. He said that it is not true that the popularity of the PZPR is declining among young people, which is proved by the increased number of participants in the youth olympiad of knowledge about the party in his voivodship. Secretary Krystian Luczak also reported that the people of Wloclawek Voivodship are disenchanted with the results of the roundtable, because it has not changed their living conditions. Unfortunately, he did not state whether he himself believes that the roundtable should cause an immediate improvement in these conditions.

I was struck by the frequency of demands made by delegates from the eastern voivodships for new, preferential solutions in farm policy for this part of Poland. It seems that the very fertile soil of this area is lying fallow more and more. People are leaving because they do not have gas, running water and telephones. It is unfortunate

that 40 years of investment in the agriculture of the "eastern wall," at the expense of farming in Wielkopolska, has not produced the anticipated results, and that the lands that should be a granary for our country are becoming a wasteland. The financial conditions were equal throughout the country, but there one cannot live off farming while in the Opole and Leszno Voivodships one can.

Five Trends

The delegates did not speak only of such petty matters as unwarranted ambulance trips in Piotrkow Trybunalski. They also touched upon more important questions that were worthy of the situation and the location. For example, Jan Abramczuk, a turner from Chojnice, asked whose interests the party really represents. In his opinion, there are many SD members in the party, and the party is ceasing to be a working-class party. Dr Antoni Szczucinski from Mickiewicz University identified five trends among party members. The first group includes those that long for the previous strength and order, the second group, those that sympathize with the opposition, the third includes members seized by apathy, frustrated by the situation and thereby passive. According to Szczucinski, the fourth current in the party is composed of people who uphold the line of change and do not accept some reform moves, but are nonetheless loyal to the party. Finally, the fifth trend is the group that initiates and supports the reform.

Time will tell which of these currents prevails. It seems to me that the majority today are adherents of change in general, who are nonetheless shocked by the rapidity of change and the direction of recent moves of party authority.

Creative 'Stress'

Many doubts and questions were expressed during the National Conference of Delegates. In his opening address, Wojciech Jaruzelski presented the position of the PZPR leadership on the question: Does the reform of the political system being effected in Poland mean the sale of party interests that play a leadership role? He stated that while there is perhaps a weakening of the party, the weaknesses in evidence are those that in time will be transformed into strength, just as there is that strength that leads to weakness.

A party that is strong only due to a decreed position, its omnipotence or the ostensible lack of a threat to it begins to be a lazy party. Over the course of years, the virtues of the system of a hegemonic party begin to be the shortcomings of that system. All reform and renewal in the party has been ineffective because the party lacked a creative stimulus forcing the development of stress. The effect of this situation was a worse and worse stagnation, the lack of sufficient identification of members with their own party and isolation from society, continual recurrences of centralism and awkwardness in conducting the political struggle.

Most probably the new situation means that for some members, the PZPR will lose its attractiveness and charm, for various reasons. These will leave the party. This will not be anything new. The PZPR has survived various waves of departures. Perceptive experts of human biography have been quick to point out that a large part of the opposition-solidarity side at the round-table were PZPR members. Under new circumstances, the party will be even more successful at banding together those that identify with its program and want to implement it, that eventually want to have political careers, thus strengthening the real influence and position of their own party. Meanwhile, the party will not be the *raison d'être* of those people that want to make careers thanks to the party and also at its expense, weakening it by their irresponsible behavior, cynicism and egocentricity. After a long, warm bath, the present leadership of the PZPR is leading its membership under a cold shower—without an umbrella.

It is a walk on the verge of risk, but (and this is emphasized) it is the only opportunity for the party's rebirth and its rapid adjustment (and this includes the cadre) to the exigencies of the new stage of democracy. The awareness of the state of the economy and the uncertainty about election results lent a certain caution to the formulation of opinions and proposals at the conference. The PZPR is beginning to shoulder the responsibility for what was in the past, and everyone sees that what is being called to mind is what is bad and not what is good. On the other hand, however, it is the political force with the most experience. Recent events somehow have given faith and the will to act to those who long have favored deep reforms and who were discouraged by the backsliding at the 10th Congress. The martyrs are gone and people are looking more often toward the future. Certainly, we will have to fully explain what the essence of Polish socialism ought to be. One area in which much confusion still reigns on this question concerns the expansion of the private sector. A Szczucinski stated at the conference that we have often called socialism something that it is not and that is why many people today believe that the values expressed by socialism can only be realized if it is overthrown.

Changes are taking place rapidly. I do not know whether the delegates to the 10th Congress imagined that less than 3 years later, at their national conference, they would be standing in line in the corridor of the Congress Hall at the Dom Ksiazki [Book House] to purchase Orwell's "1984."

Defeated Rural Solidarity Candidate Muses on Elections, Conditions

26000679 Warsaw PERSPEKTYWY in Polish
No 31, 4 Aug 89 p 13

[Interview with Jan Pajak, chair, Rural Solidarity of Radom area, by Krzysztof Zmudzin: "I Feel That I Am a Peasant Leader"; date and place not given; first paragraph is PERSPEKTYWY introduction]

[Text] He ran in the elections as the chairman of Solidarity of Independent Farmers of the Radom Area, without the support of Walesa and Slisz, and even contrary to their position. Hence his dramatic conflict with Jan Jozef Lipski belonging to "Lech's team." He was accused of divisive activities, lack of political common sense, and being factious. He did not become a senator, but he maintains that he did not lose. We talked to Jan Pajak about the rural areas, the fate of the peasantry, and the authorities.

[PERSPEKTYWY] You made the reservation ahead of time that not a word is to be said about the elections. Why?

[Pajak] The people have been lead to believe that I am splitting Solidarity from the inside, that the critical remarks I make about the means the team of Mr Lipski used against me are grist for the mill of the opponents of the union. This is why I said: Enough! No more pretexts for setting the tongues wagging.

[PERSPEKTYWY] However, has not the split become a fact? Some of the members of Solidarity of Independent Farmers supported Jan Jozef Lipski.

[Pajak] Few, few indeed. It is difficult to call this a serious split.

[PERSPEKTYWY] They called it "the Radom dissenters." For some, you have become a symbol of the lack of solidarity in Solidarity itself, for others, the one who made a challenge in the name of electoral democracy

[Pajak] Indeed, democracy, the right to exist apart from any "nomenklatura" and appointments, is what I was after. I was not fighting merely for a seat, I was fighting for a cause. I protested. I do not regard my participation in the elections as a defeat since I got 52,000 votes despite the campaign mounted on behalf of my opponent. After all, many people understood what I was after.

[PERSPEKTYWY] In one of the interviews, you said: "People have to learn democracy." Did they have such a chance in these elections?

[Pajak] I do not think so. There was an order to vote for the candidates of Lech Walesa. This had nothing to do with democracy.

[PERSPEKTYWY] Is it going to be different in 4 years

[Pajak] I think so. New political parties will nominate candidates, and the elections should be quite different, more pluralistic and democratic

[PERSPEKTYWY] What will Jan Pajak do?

[Pajak] It is hard to say. I have never been a politician, though I have always done a lot of volunteer work. Will I get involved on the side of some group? If so, only on the side of the one representing Christian orientation. As far as the peasant party... I do not see one which is in line with my ideas. It has yet to be created; however, I am not

going to be among its founders. I cling to the union, and this is where I see a niche for myself. Reinforcing the union and then forming a party—this is the right sequence.

[PERSPEKTYWY] Toward the end of 1945, Jan Pajak trusted the authorities and surrendered his guerrilla unit. He paid for it with a 2-year prison term. Later, he acted in the name of self-government in agricultural circles. For 15 years after that, he was in the council of the regional gardening cooperative. He resigned completely dejected. Self-government turned out to be a daydream. However, the time has now come when one can talk to the authorities differently, from entirely independent positions. How is this conversation to proceed? Is this cooperation or just forcing concessions?

[Pajak] My experience indicates that cooperation is very difficult, at times impossible. So, it is rather coercion, but not in the name of a hollow success. Every such action should produce results. A lot of work is needed for the people in power to begin thinking differently. I mean primarily local authorities, at the voivodship and gmina levels. The central authorities have evolved, whereas the local ones continue to be in their shell. They say that the system is bad rather than the people. Well, the people too. I have been getting alarming messages from the territories where rural Solidarity is organizing. In Potworow, the secretary of the gmina committee of the party said: "Come down to earth! You've got no say, I continue to rule here!" What kind of realism is that? Is this how a man behaves who has been nominated to conduct political activities? It is clear that he and his ilk understand nothing. They do not acknowledge that, since the country is facing economic ruin, the only way out is for all forces to cooperate rather than for one party to defend its monopoly.

[PERSPEKTYWY] Since we are on the topic of power. Jozef Slisz has almost 16 hectares of land. The senator from Radom, Stefan Bembinski, operates a profitable vegetable farm. The deputy from Grojec, Poltorak, is a millionaire. Apparently, you are not doing too badly either?

[Pajak] Nothing to complain about.

[PERSPEKTYWY] Exactly. Could it be that the desire to govern and get politically active is a function of growing affluence?

[Pajak] This is a delusion. I have just returned from Grojec, from the headquarters of Solidarity of Independent Farmers. I saw a peasant, a master on his 4 hectares, pick up opposition publications in order to distribute them in his gmina. I know him, he does it with great dedication, he gets involved, he thinks. There are many like him, and the status of holdings has got nothing to do with this. What about them not becoming chairmen? The people have elected those who have acted particularly aggressively, as early as under the martial law. However, this union does not consist of Poltorak and Pajak alone.

[PERSPEKTYWY] Affluent—nonaffluent. We still view Polish rural areas in light of stereotypes. In the course of a superficial review, one gets to see elegant homes built of bricks, cars, weddings with 1,000 guests. Poverty is not in evidence, and if it is, then only in passing.

[Pajak] I would not call this poverty but rather economic and cultural backwardness. This is a great evil which leaves rural areas deserted. It has driven our young people away from these areas. We have entire decades to make up. Indeed, urban areas see rich rural areas, and it is a fact that there is some wealth. It has come either from hard work or from sucking up to the authorities, but mostly from hard work. The rural rich man gets up at 04.00 hours, and goes to bed at midnight. This is hard to visualize for someone who works for some set number of hours. However, not only work used to be the source of affluence. Many have grown fat due to arrangements, contacts, and yielding to the whims and orders of the authorities. These people have taken advantage of all privileges; their wealth has come easily. Outside of an arrangement, it was difficult, hence, among other things, the flight from villages, the outflow, particularly of young people. Now is the time to put an end to it. We should restore respect for the work of the peasant, the effort of the producer. If a young man sees that his work only and nothing else is the condition for success he will not abandon the village.

[PERSPEKTYWY] However, such work should make sense financially.

[Pajak] Yes, certainly. However, random economic operations are not conducive for profitability. The farmer abandons specialization, chases profits, and switches from one kind of production to another. He starts a plantation, keeps it up for 1 or 2 years, finds out that there are no results, and switches to something else. Really, these are guerrilla warfare methods! Stability rather than price manipulations produces economic results. Any useful kind of production should be profitable. Then we will have both specialization and peace in rural areas. I mentioned prices; this is important, very much so. For as long as the cost of the means of agricultural production outpaces the price for these products, we will never overcome the impasse. In Poland, a price dictatorship exists; enterprises producing for the needs of rural areas live off their predatory monopoly—no competition, prices such as they like. The peasant counts for nothing.

[PERSPEKTYWY] We hear it from the right and the left: Introduce market principles in agriculture! However, there are a good many skeptics who say that the free market will multiply the wealth of the rich while reducing the poor to absolute poverty.

[Pajak] The introduction of market principles may be painful for some but there is no escaping it. Will the weaker ones lose by virtue of it? After all, a free market for vegetables has existed for many years now, and how has this been bad? Large-scale planters prosper, but the

smaller ones do all right too. They draw profits in proportion to their own output and sales. Negative consequences of the operation of a free market may manifest themselves in a different form. Here is an example. The state sets the price for grain; it is constant, regardless of the harvest and supply. Let us assume that a bumper crop will come about, the market will be overly saturated, and the price for grain in the free market will be lower than the state price. Such situations are likely. Minimal free-market prices should be introduced as a guarantee of profitability.

[PERSPEKTYWY] The words are beautiful, but reality is such as it is. Meat-packing enterprises are purchasing several hogs a day. In the cities, they are saying: "The peasants want to starve us."

[Pajak] Rural Solidarity had a similar problem 8 years ago. The peasants suspended the deliveries of slaughter cattle. This year, it is the case again. The price for a quintal of rye amounts to about 17,000 zlotys at present. As little as 2 months ago, it was 2 times cheaper. Had the farmer not fed the rye to cattle, he could sell it now at a good price and make a profit. Instead, he has sunk everything into hogs, the prices for which have not grown in proportion to the rye price. The producer is feeling cheated; he is counting on making up the loss and awaiting better prices. However, how are they to be introduced? This poses the threat of a tremendous conflict between urban and rural areas. What is the way out? I do not know...

[PERSPEKTYWY] Among other things, you have been involved in combating alcoholism in the course of your volunteer work. Is drinking a great problem in rural areas?

[Pajak] It is an enormous one. Frustrated people have causes for turning to the bottle. Drunkenness has become a custom; it is increasingly difficult to combat it. The [Catholic] Church spares no effort, but the results are minuscule. The causes of alcoholism differ, and atrocious currency is one of them. I remember prewar times. Every zloty spent for alcohol came back to haunt you. The alcohol problem is also associated with the feeling that real freedom is lacking. In 1918, after independence was regained, consumption of hard drinks dropped radically. In the years of occupation, it increased again, despite the resistance movement fighting against plying the nation with alcohol. The situation has been getting worse year after year following the end of the war. We are drowning in a sea of vodka. I believe that if the Poles were to breathe the air of true freedom the problem of alcoholism would cease to exist on such a scale...

[PERSPEKTYWY] They say you are a Witos.

[Pajak] Well... I think he had a different mustache...

[PERSPEKTYWY] However, this does impose certain obligations. Do you feel that you are a peasant leader?

[Pajak] If members of the union continue to accept me as the chairman, if, despite the split during the elections, 40 gminas stood staunchly by me, and the people demanded categorically that I go on fighting I cannot but feel that I am their leader.

ROMANIA

Decrees on Weapons, Border Guards Supplemented, Amended

27000080 Bucharest *BULETINUL OFICIAL* in
Romanian Part I No 26, 17 Jul 89 pp 1-2

[Council of State Decree Supplementing Council of State Decree No 367/1971 on Weapons, Munitions, and Explosive Materials and Amending Council of State Decree 678/1969 on the Border Guard System of the Socialist Republic of Romania]

[Text] The Council of State of the Socialist Republic of Romania decrees: Article I—Council of State Decree No 367/1971 on weapons, munitions, and explosive materials, republished in *BULETINUL OFICIAL*, Part I, No 21 of 8 March 1976, with subsequent modifications, is supplemented as follows:

In Article 36, letters f) and g) are inserted after letter e), with the following content:

"f) in the case of violators of the border, who attack or try to disarm border guards who are carrying out the mission of guarding the state border, weapons can be used, while preventing the fatal shooting of the violators or other persons;

"g) violators of the border, who flee from their escorts or escape from detention, will be pursued for the purpose of capturing them, without using weapons against them. If the persons pursued have committed serious crimes and it would be very dangerous if they were to cross the border, weapons can be used in accordance with the provisions stated in Article 39."

Article II—Council of State Decree No 678/1969 on the border guard system of the Socialist Republic of Romania, republished in *BULETINUL OFICIAL* Part I, No 28 of 17 April 1981, is amended as follows:

1. Article 3, letter h) will read as follows:

"h) execute engineering projects and install signalling equipment in the border zone, during the period of the activities for the discovery, identification and detention of persons who have committed border violations—up to the point specified in letter g) of the present article. The protection and control fences which are set up as a result of engineering work cannot exceed the following lengths:

—at the border with the Hungarian People's Republic, up to 47 km.

- at the border with the Socialist Federal Republic of Yugoslavia, 35 km;
- at the border with the Bulgarian People's Republic, 20 km;
- at the border with the Union of Soviet Socialist Republics, 33 km."

2. Article 18, paragraph 1, will read as follows:

"The sowing of high-growing crops—corn, sunflowers and similar crops—is permitted from a distance of 1,000 meters toward the interior, in front of the band of border

troops. In this area, extending up to 1,000 meters, only low-growing crops will be sown: lucerne, soybeans, beets and similar crops."

3. Article 18, paragraph 2, is abrogated.

4. The distances and points specified in articles 19, 20, and 21 are modified, correspondingly, from 500 meters to 1,000 meters.

Nicolae Ceausescu
President of the Socialist Republic of Romania
Bucharest, 15 July 1989
No 170

HUNGARY

Cardinal Paskai Meets With Defense Minister
25000420h Budapest NEPSZABADSAG in Hungarian
24 Aug 89 p 4

[Text] Colonel General Ferenc Karpati paid a visit to Cardinal Laszlo Paskai, Archbishop of Esztergom and

chairman of the Hungarian episcopacy. The meeting was requested by the defense minister. First they reviewed the circumstances of military service to be performed by theological candidates prior to their religious studies. Then Karpati reported on the drafts of upcoming rules soon to be enforced, in which the Ministry of Defense makes clear the religious rights of soldiers serving in the army.

HUNGARY

Raba, U.S. Firm Joint-Venture Talks in Advanced Stage

25000379a Budapest NEPSZABADSAG in Hungarian
21 Jul 89 pp 1, 5

[Article by Ferenc Hajba: "The American Market Is Worth the Sacrifice: Raba Prepares for the Manufacture of Car Engines"]

[Text] At yesterday's conference at the Raba Hungarian Railroad Car and Machine Works of Györ the fate of 16,000 persons who work at the factory was not the only topic discussed. The announcements, concerns, and passionately presented thoughts of enterprise president Ede Horvath involve the entire people's economy. In his analysis of the situation Horvath described numerous contradictions in the Hungarian economy, including the effects of development, and through that the irreparable effects of a financial policy that chokes the only chance for evolution.

The briefing was preceded by increased expectations because the factory was insolvent, according to word spread throughout the city. Some people mentioned a bankruptcy situation. In contrast, Horvath presented facts to prove that despite deteriorating conditions the enterprise's achievements in the first half of the year were reassuring, moreover encouraging. Income during the first six months amounted to 15.3 billion forints of which profits amounted to 1.175 million forints. From the 122 million dollar export income scheduled for this year, 52 million dollars were realized already. They are not behind even in terms of the time schedule; a greater part of the deliveries was scheduled for the second half of the year from the outset.

Raba maintains, and if necessary, could even expand its markets in the United States. Moreover, the US demand for automobile chassis purchased from Raba exceeds Raba's present capacity. They are unable to produce a sufficient number of cars to satisfy the overseas customer's demand even if Raba were to institute three shifts and production on weekends. This favorable demand can be responded to only by engaging in economies of scale. This is so, but the present shortsighted regulatory system leaves hardly any money for development. Out of Raba's 30-billion-forint sales volume scheduled for this year only 1 billion remains to be spent for development purposes. A well-known Japanese firm offered Raba merchandise credit worth 220 million dollars in vain for the establishment of a production line for Diesel engines to be installed in rental cars, lacking the necessary financing in terms of forints Raba was unable to take advantage of the initiative which would have also served the interests of the people's economy.

The announcement at the conference that negotiations with a world famous firm manufacturing car engines are in an advanced stage evoked a tremendous reaction. To inform workers, and as a result of interest expressed by

the public, the president discussed the chances of these negotiations in more detail. The construction of a modern assembly plant will be completed shortly in Szentgotthard, together with additional buildings belonging to the assembly plant. The firm's representatives, and its engineers assigned to perform the preparatory work deemed the establishment suitable for the manufacture of engines. For the time being, the name of the world famous firm remains a business secret. Plans call for 200,000 modern car engines to be built annually in the new plant, in the framework of a joint venture. Raba would own 49 percent of the shares. It could receive cars in exchange for the repurchased engines.

Since there is neither a background industry, nor a tradition for automobile assembly work in Hungary, the manufacture of state-of-the-art main units would mean the most advantageous solution from the people's economy standpoint, according to Horvath. In order to take advantage of countless opportunities offered to Raba, however, urgent changes must be made in present economic policies which also endanger our political credibility. This is what Raba requested in a letter dispatched to [Industry] Minister Ferenc Horvath. The conference agreed with the contents of the letter.

"We do not seek state subsidies, nor do we seek exemption from under taxation—an institution accepted worldwide," the Raba president writes. "The only thing we ask for is that the state let us live and work. The budgetary practice by which enterprises with foreign markets generating large profits suffer, is untenable. But if the Hungarian people's economy needs the American market, some sacrifices must be made to acquire that market."

On the basis of the last sentence several persons concluded that the unnamed world famous firm is an American firm.

POLAND

Regional Press Scanning: Reports of Economic Interest

26000655 Warsaw GAZETA BANKOWA in Polish
No 21, 22-28 May; No 22, 29 May-4 Jun;
No 24, 12-18 Jun; No 25, 19-25 Jun;
No 26, 26 Jun-2 Jul; No 28, 10-16 Jul 89

[Reports: "From Regional Press"]

[No 21, 22-28 May 89 p 8]

[Text] The ecological foundation Silesia, the statutory goal of which is work intended to save Silesia from the consequences of the destruction of the natural environment, has been registered. Among others, the following are its cofounders: the Voivodship People's Council in Katowice, the Katowice Iron Mill, and the Foreign Trade Enterprise Stalexport. The assets of the fund amount to over 800 million zlotys. The plans include setting up an ecological bank, an ecological insurance agency, and an ecological rapid-response service.

The City Administration in Myslowice proposes that the affluent inhabitants of this city—merchants and entrepreneurs—renovate old houses. In return for repairing a building, they may obtain a title to it, or be allocated a lot for building a new facility.

At PKO [Polish Savings Bank] branches in Poznan Voivodship, the amount of savings comes to 153 billion zlotys. In the first quarter, an increase by 28 billion zlotys was noted (four times higher than last year). This is the result of higher salaries, higher interest rates, the lack of goods in the market; it is also due to the "50,000" competition announced by the PKO.

The fashion for starting management schools continues. Yet another school was organized at the Krakow chapter of the Polish Society of Psychological Hygiene. Students and graduates of higher schools study at this school.

In Szczecin, a branch of the Agency for Foreign Investment in Poland has opened; the agency was set up in the beginning of the year. Foreign partners who intend to set up a company or an enterprise with the participation of foreign capital in the territory of the Duty-Free Area Szczecin-Swinoujscie will be able to take care of the necessary formalities on site.

[No 22, 29 May-4 Jun 89 p 6]

[Text] Educational facilities for children from the junior grades of primary schools residing permanently in ecological disaster regions have been set up in Walbrzych Voivodship, in areas not contaminated by industrial pollution. Is this the Polish version of the "survival school?"

A brokerage office for securing the payment of damages for the failure of the PKP [Polish State Railroads] to provide cars on time is very much in demand by the customers.

The Krakow division of the PKS [Polish Highway Transportation] has leased the bus line Krakow-Proszowice to the Construction and Assembly Enterprise of the Iron and Steel Industry. Meanwhile, in Krakow itself two leased streetcars are running. The drivers are students from the Student Labor Cooperative "Student."

"Creating simplified legal conditions promoting the development of tourism" is the ambitious goal of the Krakow company Urbs. Among other things, the company intends to negotiate with foreign partners who would be willing to invest their capital in building a hotel in Krakow.

Beginning in June, the Transportation Enterprise of Domestic Trade in Katowice will be leased to its current director. As the manager, he will be able to utilize the assets of the enterprise and will assume its obligations, including those to the state treasury.

According to the instructions of the management of the Polish Baltic Shipping Line, Polish passengers of the ferries will pay bills in the bars and restaurants on the

ferries in Swedish crowns. They will only be able to buy for zlotys a meal voucher which costs 3,500 zlotys.

[No 24, 12-18 Jun 89 p 12]

[Text] The WZGS [Voivodship Association of Rural Consumer Cooperatives] in Sieradz supports the idea of barter. In return for the potatoes exported to the USSR last year, cooperative members imported from Kuybyshev parts for Lada cars worth about 1 billion zlotys.

The Voivodship Commission of Volunteer Work Projects in Katowice evaluated the fulfillment of volunteer work last year. The plan was 115 percent fulfilled.

A company which will engage in renovating Jewish and German graves was registered by the Department of Commerce of the City Administration in Sosnowiec.

The WPT [Voivodship Transportation Enterprise] in Katowice has started a van taxi service. Three routes in Katowice, Jaworzno, and Bytom connect the downtowns of these cities with the suburbs. Travelling 1 kilometer on the route costs 40 zlotys (passenger taxies of the WPT—110 zlotys, private taxies—130 zlotys).

[No 25, 19-25 Jun 89 p 7]

[Text] In Szczyrk, the founding meeting of the Regional Chamber of Industry and Commerce of Foreign Investors has been held. Upon its registration, this will be a club of industrialists representing foreign capital in the so-called southern macroregion (Bielsko, Katowice, Czestochowa, and Opole Voivodships).

The voivode of Przemysl has filed a lawsuit against the group of hydropower plants Solina-Myczkowce for damages caused by the May flood which affected farmers living along the San. The plaintiff is seeking 990 million zlotys.

The City Administration in Szczecin has auctioned off lots intended for the construction of commercial and food-service establishments in the downtown and in the industrial district. Twenty-six lots were sold for almost 1.8 billion zlotys.

A bus belonging to the NSZZ [Independent Self-Managing Trade Union] of Employees of the Health Care Service transports passengers on the route Kedzierzyn-Kozle. The price of the ticket (express line) is 60 zlotys.

A farmer from Dobierzycze in the vicinity of Poznan has become the happy owner of the 3-millionth telephone in Poland. By a decision of the minister of transportation, navigation, and communications, the installation fee has been waived, and a lifetime exemption from monthly fees has also been granted.

ZOMO [Motorized Reserve of the Citizens' Militia] personnel have been working in Katowice digging

trenches for phone lines. Within 8 hours, each one of them digs 10 meters of the trench, or 2 meters above the norm.

In **GAZETA KRAKOWSKA**, director of the Tarnow Voivodship Branch of the Food Economy Bank called the statements of Solidarity representatives to the effect that the Debice Combine Iglopol has been receiving special credit preferences slanderous.

[No 26, 26 Jun-2 Jul 89 p 6]

[Text] The building of the former headquarters of the dissolved Bytom-Ruda Mining District in Katowice has been allotted to the Silesian Medical Academy in order to house the department of dentistry.

In Krakow Voivodship, 4,835 new companies have been registered from the time the law on entrepreneurship took effect, out of which 3,321 are in Krakow itself. Transportation companies account for 37 percent, construction companies for 15 percent, and trade companies for 12 percent.

In Lack, the sixth auction in a row of saddle and draft horses from private stables has been held. Animex has organized the auction, and citizens of Western countries have been the buyers. The capable organizer collects commissions from the breeders (in hard currency) in the amount of 4.3 percent of the price they secure, and pays to the breeders the equivalent of the price converted at the rate of about 1,000 zlotys per U.S. dollar.

The Tournament of Cities netted 200 million zlotys in prize money for Rawicz. This amount in its entirety will be allocated for building a recreational and athletic complex, the preliminary cost of which is about 1.5 billion zlotys. Half of the sum is to be "thrown in" by the chairman of the Committee for Youth Affairs. Thus far, it is not known who will give the inhabitants of Rawicz the 550 million zlotys they lack. For now, they are sizing up the task.

[No 28, 10-16 Jul 89 p 6]

[Text] In the first quarter of this year, socialized enterprises of Olsztyn Voivodship received proceeds of 226.3 billion zlotys, with the costs being 207 billion zlotys. Profits amounted to 19.3 billion zlotys. Supports and budgetary subsidies came to 25 billion zlotys (the largest for the District Enterprise of the Meat-Packing Industry in Olsztyn—4.6 billion zlotys). The treasury collected from them taxes in the amount of 8.9 billion zlotys (out of which 4.2 billion were from the Olsztyn Car Tire Enterprise).

The Glogow Construction Enterprise is leasing its construction sites. Managers of construction sites, who will assume all the functions of the company management to date with the exception of settlements with other enterprises, will become leaseholders. The construction and equipment pool and the supply department of the enterprise will also be leased.

The Voivodship Gardening and Beekeeping Cooperative in Lodz, which is building a processing and refrigeration facility in Ziewanice in the vicinity of Glowno in cooperation with the Spanish company Ramon Vizcaino, has secured a hard-currency loan from a bank in Luxembourg. Financial obligations will be repaid in the export of goods.

Paid medical services are offered at three special medical clinics in Katowice.

The procurement and delivery to the supplier of one beverage bottle costs 12 zlotys. The amount of the deposit collected does not cover the costs which trade enterprises bear for transporting and storing bottles. This is why the "Spolem" proposes that the deposit be eliminated, and the price of bottles be included in the cost of the beverage.

The board of the company Duty-Free Area-Gdynia, Inc. announced its transformation into a joint-stock company. Economic entities and natural persons may be its shareholders. The value of one share amounts to 1 million zlotys; one shareholder may own up to 25 shares.

British Business Consultants Set Up Shop in Warsaw

26000678b Warsaw RYNKI ZAGRANICZNE in Polish No 71, 15 Jun 89 p 8

[Article by (Lat): "IBC Consulting Company"]

[Text] The first meeting in the series of training seminars "A Small School of Business With Great Britain" has been held in Warsaw. The company International Business Consulting (being registered) was the organizer of the event; the Center for Cadre Advancement in Foreign Trade, Moore Stephens (London), and Gesellschaft fuer Revision und Treuhand mbH (Duesseldorf) are partners in this company. The training session was intended for the managerial cadres and specialists from foreign trade units, industry, and the legal, financial, and commercial services of enterprises involved in economic cooperation with the British market. The main objective of training was to impart knowledge of conditions for performing commercial and economic operations in the British market. Detailed information on economic, commercial, legal, and financial matters was discussed by the representatives of the company Moore Stephens.

It is noteworthy that International Business Consulting is the first international consulting organization to secure a permit to operate in Poland. Through its office in Warsaw, the IBC will use the extensive network of finance and consulting of the Moore Stephens Company. Branches of the IBC Company, which are to be set up shortly at the headquarters of the Moore Stephens enterprise in London and in Duesseldorf and Frankfurt in the offices of the West German partner will ensure direct access to the British and West German markets for the IBC. Undoubtedly, this is very essential for Polish enterprises which intend to embark on economic operations

in the FRG and in Great Britain. Foreign branches will also support Polish enterprises which already have economic interests in these countries.

At the same time, the IBC will act as a consultant for foreign clients interested in economic cooperation with Polish enterprises, particularly in the field of starting joint ventures.

The meeting in Warsaw was chaired by Chairman of Moore Stephens, Gervase Hulbert. In his opinion, transformations which have recently taken place in our country facilitate the development of new forms of cooperation in the field of foreign trade. The British delegation gave high marks to systemic changes in the Polish foreign trade. The British economists acknowledged that the law on joint ventures testifies perfectly to new tendencies in the foreign economic policy of our country and provides a foundation for enhancing economic relations with the capitalist countries. The IBC intends to organize similar meetings in Gdynia and Krakow.

British Firm Opens Lens Factory Outside Warsaw

26000678a Warsaw RYNKI ZAGRANICZNE in Polish
No 78, 1 Jul 89 p 8

[Article by (Lat): "New British Enterprise"]

[Text] The trade company Overseas Marketing Corporation from Great Britain, which has been operating in Poland for several years, has opened an enterprise producing plastic lenses for glasses in the vicinity of Warsaw. Material for producing the lenses is imported mainly from the United States.

The new lenses protect the retina from the influence of harmful ultraviolet rays; they are 2 times lighter than comparable lenses made of glass, and, equally important, they have considerably better safety features when used by children and young people. Making rims for glasses will be an additional product line.

It should be added that the OMC has invested about U.S. \$1 million in this enterprise; the law on economic operations with the participation of foreign entities has become the legal foundation for creating the enterprise. The new company which employs about 100 persons has already secured large orders for deliveries to the Polish market and for exports.

It is noteworthy that the parent company Overseas Marketing Corporation has had its technical office in Warsaw for 20 years now. It represents in the Polish market many of the well-known British enterprises, such as York Technology, producing glass fibers, or Johnson Matthey, delivering various environmental protection equipment. International concerns such as the Ford Motor Company also use the OMC as a middleman.

At the last Poznan International Fair, the OMC was the largest British exhibitor.

Austrian Aid in Lomza Food-Processing Industry Reported

26000675b Warsaw RYNKI ZAGRANICZNE in Polish
No 73, 20 Jun 89 p 8

[Article by (Jok): "The Enterprise of Lomza"]

[Text] The industriousness of Lomza cooperatives in combination with the flexibility of operations of the Austrian company IBG has made it possible to commission the first cold storage facility in this area within less than 3 months.

Cooperative food-processing enterprises of Lomza made efforts to build the cold storage facility as early as last year. The project qualified as export-oriented investment because output from the new fruit and vegetable processing plant was to be earmarked primarily for foreign customers. Initially, the cooperative employees from Lomza intended to build the cold store in cooperation with Interpegro. However, after the adoption of the law on economic operations, they resolved to establish their own contacts with foreign partners, setting up at the same time their own foreign trade enterprise, Narimex.

The Austrian company IBG submitted the most competitive offer for building a complete facility. This is a specialized supplier of "turnkey" projects for agricultural processing and the food industry, with an already strong position in the Polish market. IBG operations in Poland are currently focused on building cold stores. In August 1988, a facility of this kind was commissioned in Kartuzy. Cold stores in Kielce, Pudliszki, and the largest one, with a storage capacity of 5,000 tons, in Gniewkowo will be opening soon.

The Lomza facility was built within a mere 84 days, as the objective was to commission it before the strawberry season. Processing these fruits is to be the main production line of the enterprise. The facility and its equipment comply with the technical norms which are to be in effect in the EEC after 1992, which is soon going to be the basic precondition for sales in Western markets. Lomza cooperative employees have their minds set primarily on exports, because a loan of 6.4 million West German marks from the Bank PKO [Polish Security Bank] Ltd. has to be repaid.

Trade With Developing Countries, Ministerial Role Viewed

26000675a Warsaw RYNKI ZAGRANICZNE in Polish
No 73, 20 Jun 89 p 8

[Interview with Krzysztof Jakubiszyn, director of the Department for Economic Cooperation III, Ministry of Foreign Economic Cooperation, by Stefania Parkola: "Trade Like Any Other"; date and place not given]

[Text] [RYNKI ZAGRANICZNE] We frequently use the notion of "developing countries," treating them as a homogenous group for which the low level of economic

development and standard of living are common. However, along with Gabon and Chad, this group also includes Brazil, India, and Kuwait; in some countries, the per capita national income exceeds \$20,000 annually. Therefore, what is the Third World, cooperation with which is the task of your department, at present?

[Jakubiszyn] The developing countries in the meaning of a certain aggregate have sprung up as a result of the process of decolonization. At the time, they were treated by the socialist countries as a natural ally in the political sphere, and, therefore, in the economic sphere. By now, the notion of that time has become obsolete to a great degree; these countries, which now exhibit different levels of development and political orientation, have changed too. Therefore, this has become, in principle, a conventional term.

Nonetheless, there still are some common features which unite them, or at least occur in a majority of the developing countries. They include mounting economic problems of a lasting, structural nature, manifested through growing indebtedness, inflation, and so forth; poorly developed infrastructure, including transportation, communications, and the banking system; and easy-to-saturate markets in most of them. Many of them still gravitate toward the socialist states expecting economic support from them. However, the present-day Poland cannot afford to help, hence we can develop trade with this group of countries only on the principle of mutual advantages.

[RYNKI ZAGRANICZNE] Many difficulties of the developing countries, if we were to continue using this definition, strikingly resemble our own; thus, just as we do, they strive to maximize exports, streamline imports, and secure favorable credit terms. Therefore, what can we count on in cooperating with them?

[Jakubiszyn] Trade with these countries is a segment of trade in general; thus, it operates on the basis of the same principles as the entire Polish foreign trade. Therefore, we may count on what we always count in engaging in cooperation with foreign countries, that is, mainly on increases in profitable exports at a rate no less than that planned for the entire second payments area [trade denominated in hard currency]. It should be added that in sales to these countries products of the electrical equipment and machine building industry and related services amount to almost one-half. Attractive imports are an equally essential point for us. I have in mind primarily raw materials and semifinished goods for industry and agriculture, such as oil, iron ore, and phosphorites, high-protein fodder, cotton, jute, and so forth, but also consumer goods for the domestic market. This includes both traditional goods such as citrus fruits, coffee, tea, or spices, and high-quality fabrics, garments, common household appliances, toys, and so on. In the process, we should not forget about opportunities for purchasing modern machines and equipment, parts, and plastics for the Polish industry.

[RYNKI ZAGRANICZNE] Is this not an assumption for the future? These countries hardly are leaders in technology...

[Jakubiszyn] Appearances notwithstanding, the assumption is justified. Some of these states offer modern means of production, especially for small and medium-size enterprises. It is also possible to secure capital for joint investment projects in Poland; in this instance, I am thinking about Argentina, Brazil, India, South Korea, Kuwait, Singapore, United Arab Emirates, and several other countries. In Poland as well, we are slowly beginning to think about shifting abroad the production of goods manufacturing which in our country brings little profit or is harmful to the natural environment, such as, for example, cement or fertilizer. The high positive balance of trade, stable for years, which accounts for about one-half of the entire surplus in trade with the second payments area, is an essential aspect of such trade, but it is given little exposure.

[RYNKI ZAGRANICZNE] However, it is hard to take advantage of this surplus due to the clearing principle of transactions.

[Jakubiszyn] There are fewer clearing agreements than is commonly believed. There are over 140 countries which are considered developing; out of these, we have commercial relations with more than 100, and have economic and commercial representatives in 47 of them, because some of them also take care of several adjacent states. Out of these, we trade on a clearing basis with merely seven countries. Last year, this amounted to about one-third of the turnover, which hinges on trade with just four states: Brazil, India, Turkey, and Iran. We intend to switch to settlements in convertible currency even with these several countries in the nearest future.

At this point, we already have a bilateral arrangement with Columbia which will certainly take effect as soon as the second quarter of this year. Talks have begun on switching to hard currency in trade with Brazil beginning in 1990. We are also studying the opportunity for and eventual consequences of introducing such arrangements in trade with India and Ecuador. The turn of Iran and Nepal will also come. At the same time—I would like to stress this in particular—in view of the demand to balance trade voiced by many developing countries we believe that it is expedient for Polish enterprises to use barter and compensation deals regarded as a form of enriching our market through imported supplies.

[RYNKI ZAGRANICZNE] In light of the new guidelines in the system of our foreign trade, decisions on where to buy from and sell to are made in most cases by the enterprise itself based on economic calculations. Is the demise of cooperation with the developing countries a danger in this situation, at least due to the lack of hard-currency proceeds for the enterprise account?

[Jakubiszyn] As I have already said, imports from this area are attractive, and exports directed there are frequently hard to sell in other markets. Therefore, it is

worthwhile to maintain and develop this trade; however, exporters certainly should lose by virtue of that. Therefore, we have been working together with the economic department on an arrangement which would make it possible for the exporters to obtain benefits similar to those secured in sales to other markets of the second payments area.

It is a fact that systemic changes, including the decentralization of imports, the extension of auction format to clearing assets, and changes in the system of financing for procurement may cause considerable transformations in the geography of our trade with the developing countries. This will be an unfavorable influence on the level of such trade, given the restricted supply of many goods for export and funds for import and the simultaneous rapid growth of turnover with traditional markets in Western Europe. Simply put, the market will verify the real value of clearing. It will come out how much Polish partners are inclined to pay for the purchases made there and, consequently, which segment of this import will remain, as well as the degree to which exports can be shifted successfully to hard-currency markets. After all, the object is not to develop such cooperation in order to show off the statistics but in order to achieve real economic benefits on a national scale, as well as that of an enterprise. The task of the system which our department is creating is to reconcile these interests.

[RYNKI ZAGRANICZNE] In this manner, we have touched on the sphere of operation of the ministry. What is the role of the department if the enterprises make decisions themselves?

[Jakubiszyn] Foreign trade units make decisions on the orientation of their trade; in turn, we are responsible for shaping the treaty policy, that is, directing them to the markets which, in a given period, are favorable for the economy as a whole, for example, from the point of view of the balance of payments, restructuring programs, covering import needs, and so on. Of course, we do not achieve this by either orders or persuasion but by creating as favorable conditions for trade as possible and providing easier access to the markets.

One of our most important tasks is to remove treaty obstacles for the operation of foreign trade units in individual countries. Therefore, we negotiate treaties on economic cooperation, initiate the signing of treaties on the protection of capital investment, intercede with the central administration of these countries, and establish bridgeheads in new markets in the form of the BRH [Bureau of the Commercial Attaché]. We also encourage direct contacts at the level of chambers of commerce and industry and interested enterprises.

Promotion is another important area of our operations, e.g., recently the promotion of new Polish regulations on joint ventures on the basis of which we initiate direct links between the enterprises of both sides. We are now developing a concept of a dozen or so mixed companies within the framework of which partners from Kuwait,

Argentina, India, or Israel could invest in hotels, sanatorium facilities, agricultural products processing, or other industries in Poland. In the process, we have an opportunity to channel foreign capital to the sectors which are preferred by the economic policy of the state. Due to our contacts, we have an opportunity to promote the development of cooperation and joint scientific and technical work.

I attribute particularly great significance to information activities which our department is involved in. The objective is for the growing number of units involved in trade to receive the greatest possible amount of information on the countries of interest to them, on the regulations in effect there and conditions for trade, and on potential partners. We strive to deliver most of such information to the enterprises directly from our economic and commercial posts. This is how we interpret our service function.

This function also involves helping Polish enterprises in securing the payment of obligations to them in the developing countries by undertaking talks on this topic at the government level.

[RYNKI ZAGRANICZNE] The transfer to the jurisdiction of foreign trade enterprises of many issues they previously took to the ministry is one of the symptoms of reform in the MWGzZ [Ministry of Foreign Economic Cooperation]. To what degree does this affect your department?

[Jakubiszyn] At present, considerably fewer cases are referred to us. At one time, our opinion was solicited on the terms of merchant and bank loan decisions which were made by the Currency Department. Now this responsibility has been given to the bank. This is also the case with the founding of Polish companies abroad. At present, only the transfer of capital requires consent, and not of the MWGzZ, but of the Ministry of Finance and the NBP [Polish National Bank]. We no longer handle the setting up of offices or branches of the Polish enterprises abroad unless the representative is on the BRH staff.

Therefore, within the scope of "services to the populace," we have continued to review barter, compensation, and other matched sales, i.e., coming up with an answer to the question of whether they are desirable in specific cases based on our treaty policy. We also review government loans for exports to the developing countries. Overall, many issues associated with manual steering have disappeared, such as coordinating trade plans with the foreign trade enterprises.

Instead, our analytical and consultative role has increased. Therefore, we now need a different type of employee, and not only in this department. He cannot be an official only, but he should also understand the essence of sociopolitical and economic changes in the developing countries and in our economy and be able to apply this to the needs of Polish economic units. We have been successful in putting together such a team in

our department. Two years ago, 20 persons worked here, and at present there are 15, of whom one person prepares all summary studies, analyses, and programs on a macro scale, and the rest are in charge of business of specific countries assigned on a geographical basis.

[*RYNKI ZAGRANICZNE*] How did you come to this office?

[*Jakubiszyn*] In 1970, I graduated from the Department of Foreign Trade of the SGPiS [Main School of Planning and Statistics] at which I also defended my MA thesis. I worked for 10 years at the Planning Commission, at the Group for Foreign Economic Cooperation, and subsequently at the Office of the Council of Ministers where I was in turn the director of the office of Deputy Prime Minister Z. Madej, director of the Bureau for Cooperation with Capitalist and Developing Countries, and advisor to Deputy Prime Minister W. Gwiazda. Since 1 January 1988, I have been the director of the Department of Economic Cooperation III at the MWGzZ, and, therefore, have been working in this office.

[*RYNKI ZAGRANICZNE*] Thank you for the interview.

New Foundation To Encourage Foreign Cooperation, Exports

26000673a Warsaw *RYNKI ZAGRANICZNE* in Polish No 80, 6 Jul 89 p 2

[Article by Anna Rzechowska: "Foundation 'Poland Exports'"]

[Text] On 3 July of this year, the solemn signing of a notarized act stating the intention to set up the Foundation "Poland Exports" was held in the building of the Ministry of Foreign Economic Cooperation. Minister of Foreign Economic Cooperation Dominik Jastrzebski, Chairman of the Main Technical Organization Tadeusz Kaczmarek, Chairman of the Fund for Structural Changes in Industry Kazimierz Kozera, and other representatives of Polish business circles signed the act.

The establishment of the foundation "Poland Exports" is to facilitate the intensification of organizational and economic undertakings in the sphere of economic cooperation with foreign countries. Its main goals are to invigorate exports, particularly by small-scale and medium-size industries, to promote exports of services and scientific-technical accomplishments, to develop the informational, organizational, and technical infrastructure necessary for the development of exports, and to develop special training for the needs of economic cooperation with foreign countries, as well as to organize a social movement on behalf of the goals of the foundation.

In the future, the foundation has a chance to become an independent financial institution and at the same time one of the financial channels for economic cooperation

with foreign countries, implementing so-called non-standard economic endeavors such as promotion of small and medium-size producers abroad, or the organization and sponsorship of the World Congress "Small Business" which is expected to convene in Poland in the early 1990's.

The Main Technical Organization and the minister of foreign economic cooperation, who is going to perform statutory supervision of the Foundation "Poland Exports," were the initiators of setting up the foundation.

Foreign Trade Losses in Payment Zones I, II Detailed

26000673b Warsaw *RYNKI ZAGRANICZNE* in Polish No 89, 27 Jul 89 p 2

[Article by S. Parkola: "Lower Growth Rates of Our Foreign Trade"]

[Text] Despite a certain small increase in the volume of exports (by 1.5 percent) and the volume of imports (2.2 percent) which occurred in the first half of this year, the dynamics of Polish foreign trade volume were lower than in comparable periods of the years 1985 through 1988. However, the trend of greater increases in the volume of exports compared to the product sold in industry, which increased by a mere 1 percent in the first half of the year, was maintained.

With the overall increase in imports being somewhat higher than that of exports, disturbing phenomena became apparent on the import side. Namely, market imports increased greatly during the first 6 months of this year (by 11.9 percent), as well as producer goods imports (by 8.4 percent), whereas supply imports declined (by 0.3 percent). This was primarily the result of the structure of purchases in payment zone I [socialist countries]; in this sphere, imports for supplying production decreased by as much as 6.3 percent, whereas the share of producer goods imports in total imports declined compared to the status of a year ago, from 11.9 to 14.3 percent.

During the period in question, the balance of merchandise turnover in zlotys amounted to 606.1 billion compared to 365.7 billion in the first half of last year.

Payment Zone I

In trade with payment zone I, a positive balance of 646.1 million rubles was secured during the first half of the year (a year ago, 292.3 million rubles).

In current zloty-denominated prices, exports increased by 61.7 percent, and imports by 70.3 percent. This was due to changes in the volume of trade (an increase of 1.4 percent and a decline of 3.8 percent respectively), changes in ruble-denominated prices (an increase of 0.6 percent in exports and a decline of 0.9 percent in imports), and a devaluation of the zloty against the ruble.

The devaluation indicator amounted to 158.5 percent in exports and 157.7 percent in imports compared to the first half of last year. The terms of trade amounted to 101.5 for the volume denominated in rubles.

Compared to the projections of the plan prorated for the time elapsed, the implementation of trade with payment zone I showed considerable negative deviations, despite being smaller after 6 months than they had been a month before. Therefore, in June some of the arrears were made up. In turn, imports of producer goods were exceeding the projections of the plan.

In the breakdown by merchandise group, exports of agricultural products and fuel and energy increased the most over the period in question (by 14.5 and 9 percent respectively). The sales of chemical industry (by 6.1 percent) and metallurgy products (by 1.3 percent) also increased, as well as the sales of the electric equipment and machine-building industry (minimally). In turn, declines occurred in the deliveries of products of food processing (by 17.1 percent), including mainly processed fruits and vegetables (by 16.4 percent), and the wood and paper industry (by 5.7 percent).

In imports, deliveries of products increased from light industry (by 11.8 percent), including deliveries of cotton 6.1 percent greater, from the wood and paper industry (by 8.3 percent), within which deliveries of paper and cardboard went up by as much as 82 percent, and from the food processing industry (by 10.4 percent). In other main merchandise groups, imports fell, including the greatest declines in agricultural products (by 39.7 percent). The purchases of products of the metallurgical industry (mainly iron and tin ores) and the chemical industry, including potassium fertilizers, synthetic rubber, chemical fiber, and pharmaceuticals, declined by more than 10 percent. Deliveries of fuels and products of the electrical equipment and machine-building industry also declined.

Debt denominated in the currencies of socialist countries fell from 6.5 billion rubles at the end of December to 6.4 billion rubles by the end of May of this year.

Payment Zone II

A trend toward a higher growth of imports compared to that of exports was apparent in trade with this zone almost throughout the entire half-year. The rate of growth in zloty-denominated current prices amounted to 174.8 percent in exports and 184.9 percent in imports. This was the result of an increase in the volume of trade (by 1.6 percent and 8.7 percent respectively), an increase in U.S. dollar-denominated prices (by 4.8 and 5.2 percent respectively), and the devaluation of the zloty against the U.S. dollar. Compared to the similar period of last year, the indicator of such devaluation came to 164.2 percent in exports, and 161.8 percent in imports. The terms-of-trade indicator for U.S. dollar-denominated volumes came to 99.6, that is, conditions for trade deteriorated marginally. Beginning in February of this year, the unfavorable trend toward a growing

share of hard-currency transactions in imports accompanied with their declining share in exports was exacerbated.

The appreciation of the U.S. dollar against other capitalist currencies in which about 50 percent of our trade with payment zone II is settled caused a decline in the growth rate of such trade denominated in dollars by 6.5 percent. The same cause was responsible for a decline in the volume of our debt from U.S. \$39.2 billion at the end of 1988 to \$36.9 billion by the end of May of this year.

At the end of the first half of 1988 [as published; 1989 is called for], the balance of trade with payment zone II continued to be positive and came to U.S. \$447.7 million (a year ago, \$662 million).

In June, arrears in meeting the quotas planned declined in payment zone II, similar to payment zone I; however, they still amount to U.S. \$296 million in exports and U.S. \$148.5 million in imports.

In the sales to payment zone II, the greatest growth rates were registered for the products of the metallurgical industry (22.1 percent) and food processing (12 percent), as well as for agricultural products (8.4 percent), products of the chemical industry (6.8 percent) and machine-building (5.6 percent). In turn, exports of light industry products (by 15.6 percent) and the wood and paper industry (by 4 percent) declined.

In the period in question, definitely the greatest increases in imports from the dollar zone occurred in agricultural products (by 50.5 percent) and products of the food industry (by 28.9 percent). Deliveries of the products of the wood and paper industry also increased considerably (by 32.1 percent, including paper pulp and paper, as well as those of the metallurgical industry (by 21.5 percent), including primarily pig iron, ferrous alloys, manganese ore, and aluminum. Fuels were the only product group in which a decline in imports (by 1.2 percent) was registered during the period in question; this was due to small deliveries of refinery products and crude oil.

Olsztyn Tire Factory: Quest for Dollars

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[Article by Adam Bartnikowski: "The Search for 10 Billion"]

[Text] One does not need higher mathematics, but only simple arithmetic, to show that another 10 billion zlotys must be allocated "for nothing" at the Olsztyn Tire Factory (OZOS).

Like many other factories, the OZOS cannot manage without an influx of foreign exchange. In other words, it must purchase certain raw and other materials for hard foreign exchange. Until now, foreign exchange has been

distributed centrally: plants purchased it at obligatory bank rates. This year, free exchange has begun on the foreign exchange market.

Cezary Marko, deputy director for trade-economic affairs at OZOS, warns: "In no way do we deny the principles and ideas of foreign exchange. On the contrary, such a policy of hard access to foreign exchange, which has as its goal the activation of anti-import production and the search for substitute materials, is the best one in our opinion. But, for heaven's sake, let us not throw everything into one kettle."

At OZOS, natural rubber is the most important import. The Olsztyn factory is the largest consumer of this raw material in Poland. Director Marko says—and we would be hard pressed to disagree with him—that, even if we stood on our heads and used all sorts of initiative and ingenuity, we still could not grow rubber for the life of us. The only area in which we have successfully developed a hotter climate is politics. Director Marko adds: "No incentives will cause us to find this rubber all of a sudden in Poland. No sensible person demands that plants that process crude oil acquire foreign exchange for this raw material at auction. The argument is that petroleum is a strategic raw material. And is rubber not?"

OZOS's foreign exchange needs amount to approximately \$20 million annually. This year, factory representatives took part in three auctions, but they did not bring a penny home.

Bohdan Stankiewicz, chief bookkeeper for the plants, says: "The average trade per dollar at auction ranges from 450 zlotys to 650 zlotys. That is how much we must pay for the right to purchase foreign exchange, which then must be purchased at the going rate. Simple multiplication shows that 10 billion zlotys must be paid out for the privilege of purchasing foreign exchange (not taking into account the price of the purchase itself). For clarity's sake, this constitutes about 25 percent of all costs incurred last year at OZOS. And so, what is OZOS doing about this?

Director Marko admits: "Sad to say, we are looking for opportunities to raise prices. In our opinion, we have a moral right to do this: our tires are the cheapest ones in Poland today (e.g., tires for the Fiat 125P are about 8,000 zlotys cheaper at Olsztyn than they are at Debica)."

What will be the effect of such price changes at OZOS? As everywhere, the point of departure is the regulation limiting the possibility of a price increase to a certain limit (here the average increase is 23 percent). However, there are (or may be) certain departures from this rule. OZOS exports tires to the dollar zone. Last year approximately \$10 million was obtained from this sale.

Obviously, even such a contract is not a guarantee that this enormous 10-billion-zloty gap in the plant's balance will be covered. OZOS director Jerzy Majewski approached the minister of finance with a recommendation that foreign exchange funds earmarked for the purchase of natural rubber be excluded from auctions. Even without this, costs are growing. In the past 3 years, the increase of costs at OZOS is higher than the increase in production value. Last year, for example, the growth rate of costs was 61 percent, while the growth rate of sales was 53 percent. Let us add immediately that the last index was achieved only partially by a price increase (averaging from 33 to 36 percent), while the rest was attained by means of a quantitative increase in production and a permanent improvement in production quality (new quality symbols appeared). It is readily apparent that given such economic ratios, profitability also declines. In 1988, it was under 9 percent.

Yet another nosegay for the olfactory sense—who selected it no one knows. The turnover tax is paid for production which is actually completed and "pushed out" the factory door. Meanwhile, everyone knows that the producer receives payment for goods that are sent out after some time. If that payment comes in a month, that is good. Thus, in financial terms, the factory must juggle, since it is always a month behind. At the same time, there is a regulation that states that sold production which is not paid for by 25 January is reckoned on the new year's account. In this simple manner, OZOS lost approximately 1.3 billion zlotys in 1988 for sold production, which represented financially a drop in profits of approximately 300 million zlotys. Of course, tax is paid on the total amount of sold production. This causes a tremendous hodgepodge in contacts between producers and clients, and between coproducers as well. It is given the elegant name of "congestion in accounting." Moreover, OZOS is not only a creditor, but sometimes a debtor as well. For if it is not paid for its work, then what does it have to pay out to suppliers?

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